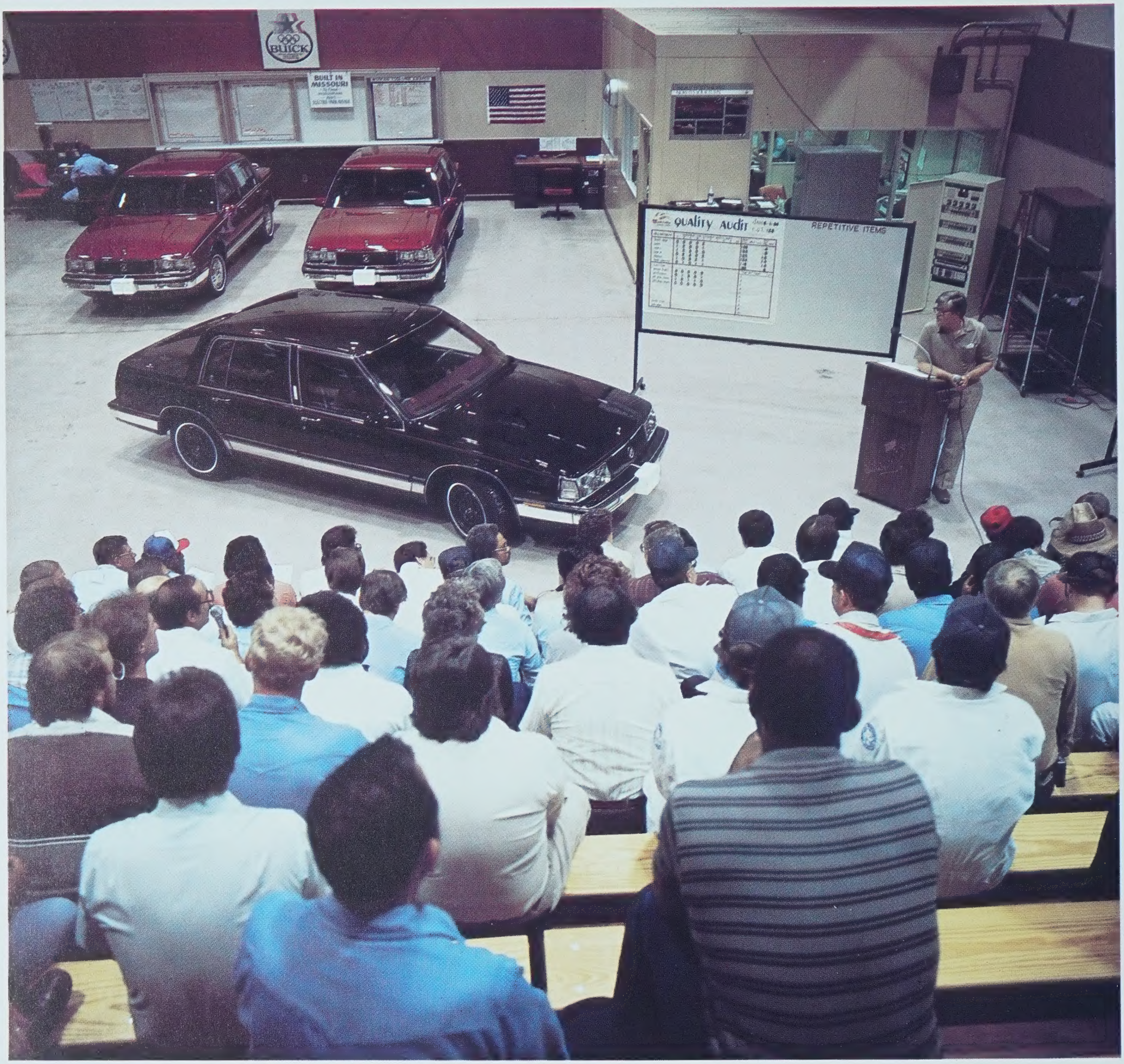
GENERAL MOTORS ANNUAL REPORT 1984



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1984 Annual Report

"To be the world's leader in all technologies appropriate to us"—that is GM's stated goal in the worldwide technology race. The winners will be the companies that bring advanced technology to market in an affordable, world-class quality package—making customers the ultimate winners. In keeping with that objective, the pictorial theme of this 1984 Annual Report reflects some of the new technologies of the auto assembly line. There are automated and electronic as well as conventional quality control checks throughout the assembly process, which is computer monitored by a system called Statistical Process Control. Finished cars then selectively come under the scrutiny of Quality Audit groups like that shown meeting at the new Wentzville, Missouri plant. Quality Audit brings management and production workers together regularly to resolve any problems that may arise.

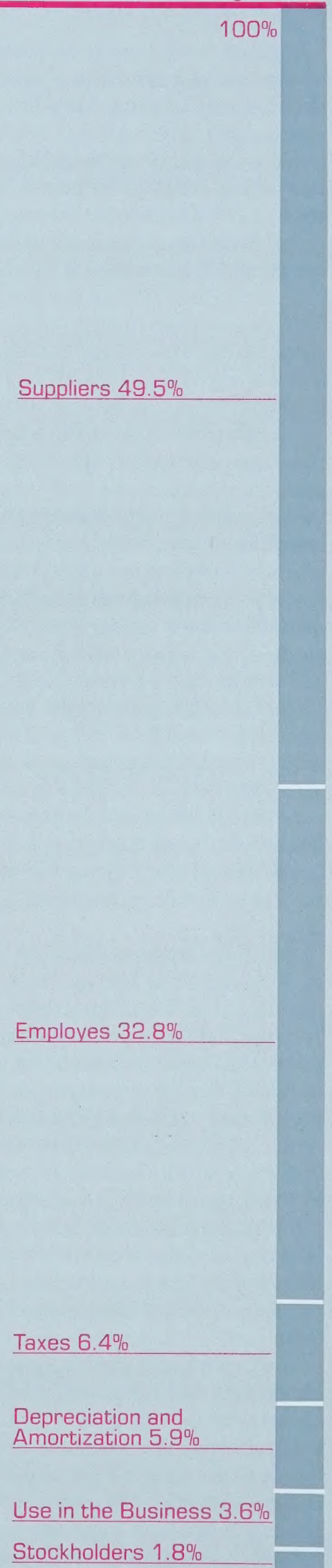
Cover: 1985 Oldsmobile Calais comes off the assembly line at GM's modernized Lansing, Michigan plant.

HIGHLIGHTS

(Dollars in Millions Except Per Share and Hourly Amounts)	1984	1983	1982
Sales and Revenues			
United States operations			
Automotive products	$73,053.1	$63,665.0	$47,391.2
Nonautomotive products	2,107.6	1,670.3	2,138.9
Defense and space	1,322.7	826.8	793.8
Computer systems services (since October 18, 1984)	148.7	–	–
Total United States operations	76,632.1	66,162.1	50,323.9
Canadian operations	12,581.6	11,232.4	7,972.6
Overseas operations	11,345.5	11,955.5	12,212.8
Elimination of interarea sales and revenues	(16,669.3)	(14,768.4)	(10,483.7)
Total	$83,889.9	$74,581.6	$60,025.6
Worldwide automotive products	$80,499.3	$71,904.7	$56,676.8
Worldwide nonautomotive products	$ 3,390.6	$ 2,676.9	$ 3,348.8
Worldwide Factory Sales of Cars and Trucks (units in thousands)	8,256	7,769	6,244
Net Income			
Amount	$ 4,516.5	$ 3,730.2	$ 962.7
As a percent of sales and revenues	5.4%	5.0%	1.6%
As a percent of stockholders' equity	18.7%	18.0%	5.3%
Attributable to:			
$1-2/3 par value common stock	$ 4,485.3	$ 3,717.3	$ 949.8
Class E common stock (issued in 1984)	$ 18.7	–	–
Earnings per share of common stocks:			
$1-2/3 par value common	$14.22	$11.84	$3.09
Class E common (issued in 1984)	$1.03	–	–
Cash dividends per share of common stocks:			
$1-2/3 par value common	$4.75*	$2.80	$2.40
Class E common (issued in 1984)	$0.09	–	–
Taxes			
United States, foreign and other income taxes (credit)	$ 1,805.1	$ 2,223.8	($ 252.2)
Other taxes (principally payroll and property taxes)	3,572.4	2,675.8	2,470.3
Total	$ 5,377.5	$ 4,899.6	$ 2,218.1
Taxes per share of $1-2/3 par value common stock	$16.98	$15.61	$7.22
Investment as of December 31			
Cash and marketable securities	$ 8,567.4	$ 6,216.9	$ 3,126.2
Working capital	$ 6,276.7	$ 5,890.8	$ 1,658.1
Stockholders' equity	$24,214.3	$20,766.6	$18,287.1
Book value per share of common stocks:			
$1-2/3 par value common	$72.16	$64.88	$57.64
Class E common (issued in 1984)	$36.08	–	–
Number of Stockholders as of December 31 (in thousands)			
$1-2/3 par value common and preferred	957	998	1,050
Class E common	623	–	–
Worldwide Employment (including financing and insurance subsidiaries)			
Average number of employes (in thousands)	748	691	657
Total payrolls (including profit sharing)	$22,505.4	$19,605.3	$17,043.8
Total cost of an hour worked–U.S. hourly employes	$22.60	$21.80	$21.50
Property			
Real estate, plants and equipment–Expenditures	$ 3,595.1	$ 1,923.0	$ 3,611.1
–Depreciation	$ 2,663.2	$ 2,569.7	$ 2,403.0
Special tools–Expenditures	$ 2,452.1	$ 2,083.7	$ 2,601.0
–Amortization	$ 2,236.7	$ 2,549.9	$ 2,147.5
Total expenditures	$ 6,047.2	$ 4,006.7	$ 6,212.1

*In addition, in December 1984 holders of $1-2/3 par value common stock received one share of Class E common stock for every 20 shares of $1-2/3 par value common stock held.

What Happened to the Revenue GM Received During 1984



In all the 76-year history of General Motors, there has been no other year like 1984—a year of profound and unprecedented change affecting GM people, products, plants, and processes. At the same time, it was a second successive year of record performance as General Motors earned net income of $4.5 billion, or $14.22 per share of $1-2/3 par value common stock, on worldwide sales and revenues of $83.9 billion.

The first of many milestone events in 1984 was a major reorganization announced in January to consolidate GM's North American passenger car operations into two integrated car groups which function as self-contained business units. Each of the restructured groups is totally responsible for the engineering, manufacturing, assembly, and marketing of its own cars; each is accountable for its own quality, performance, and profitability. Primary objectives of this organizational change are to provide more effective use of people and to accelerate the response to the changing marketplace. Within each group, GM passenger cars will continue to be marketed in North America under the Chevrolet and Pontiac and the Buick, Oldsmobile, and Cadillac nameplates through our well-established and aggressive wholesale selling and dealer organizations to continue to serve the customer most effectively.

"...1984—a year of profound and unprecedented change affecting GM people, products, plants, and processes."

April marked the introduction of all-new Buick Electra, Oldsmobile Ninety-Eight, and Cadillac DeVille and Fleetwood luxury cars built in GM's newest plants in Wentzville, Missouri and Orion Township, Michigan.

Your Corporation was honored in July when President Reagan came to Michigan to dedicate the Orion Township plant and view GM's high-technology Project Saturn at the GM Technical Center. Saturn, a new approach to building a line of subcompact cars competitive with small cars made anywhere in the world, became an operating unit six months later with the announcement of Saturn Corporation, a separate subsidiary formed to add a sixth nameplate to GM's domestic passenger car marques.

October saw the introductions of more all-new models. These included sporty Buick Somerset Regal, Oldsmobile Calais, and Pontiac Grand Am coupes and Chevrolet Astro and GMC Safari compact vans built in completely modernized plants in Lansing, Michigan and Baltimore, Maryland, respectively. Chevrolet Sprint and Spectrum small cars imported from GM's Japanese affiliates, Suzuki and Isuzu, debuted regionally.

The year was also a milestone in labor relations as General Motors and the United Auto Workers reached accord on a historic new national agreement. The three-year contract ratified in October provides unprecedented job security as well as solid economic gains for our U.S. employes, and also affords GM the opportunity to achieve increased competitiveness. New agreements also were negotiated with the UAW in Canada and with other unions representing our employes. These pacts enabled us to resume building upon the spirit of cooperation already taking hold between management and labor.

Roger B. Smith

Compensation changes to address the unique needs of GM's salaried work force were subsequently approved. Progress in equal employment opportunity was encouraging as employment of minorities and women in GM's work force reflected further improvement in 1984.

In October, the alliance between General Motors and Electronic Data Systems Corporation was formally approved. EDS is a world leader in the design of large-scale data processing systems, the operation of cost-effective data processing centers and networks, and the integration of large data processing and communications systems. Operating as an independent consolidated subsidiary, EDS will benefit GM by more effective control of health insurance costs, increased data processing capabilities within General Motors Acceptance Corporation, and improved delivery of computer services throughout GM. In addition, GM will work with EDS to develop advanced computer systems for manufacturing process control and order entry—for GM's own use, for use by our dealers and suppliers, and for sale to other customers. EDS' expertise will play a major role in Saturn and the Factory of the Future, a "learning laboratory" being built at Saginaw Steering Gear Division. The 1984 acquisition of an interest in an artificial intelligence firm and a number of high-technology companies specializing in machine vision also is helping us move toward the Factory of the Future.

"The year was also a milestone in labor relations as General Motors and the United Auto Workers reached accord on a historic new national agreement."

In our continuing commitment to product quality, GM acquired an interest in Philip Crosby Associates, Inc., a quality consulting firm that operates Quality College in Winter Park, Florida. GM people have trained there, and the association was the impetus for GM's own Quality Institute.

As the year ended, the Opel Kadett/Vauxhall Astra won the prestigious European "Car of the Year" award, the first time for a General Motors product. New United Motor Manufacturing, Inc., the joint venture with Japan's Toyota Motor Corporation, bore fruit in December when the new Chevrolet Nova made its first appearance at Fremont, California. This sparkling new star goes on sale in the late spring of 1985.

The year sparkled in the financial statements as well. Net income of $4.5 billion on sales and revenues of $83.9 billion surpassed previous highs of $3.7 billion earned on sales of $74.6 billion in 1983. Earnings per share of $14.22 on $1-2/3 par value common stock compared with $11.84 per share in 1983 and the previous record of $12.24 per share on fewer shares outstanding in 1978. Net income was $963 million, or $3.09 per share, on sales of $60.0 billion in 1982.

F. James McDonald

Worldwide factory sales (sales of vehicles to GM dealers) in 1984 totaled 8.3 million cars and trucks, up from 7.8 million units in 1983 and 6.2 million units in 1982.

Late June brought a metalworkers' strike in the Federal Republic of Germany, resulting in production losses that kept General Motors from record overseas factory sales volume. This disruption and local strikes in the United States and Canada reduced net income in 1984 by about $450 million.

Reflecting GM's strong performance and prospects, the Board of Directors increased the cash dividend on the $1-2/3 par value common stock from $1.00 to $1.25 per share in the second quarter of 1984 and continued this rate through the fourth quarter. This resulted in cash dividends of $4.75 per share for the year, compared with $2.80 per share paid in 1983 and $2.40 per share in 1982.

In addition, the Board declared a fourth quarter dividend of one share of the new Class E common stock—first issued in connection with the acquisition of EDS—for every 20 shares of the $1-2/3 par value common stock. The Class E common stock issued as a dividend provided GM stockholders an immediate identification with EDS. This dividend, valued at $1.90 per share of $1-2/3 par value common stock, resulted in a total 1984 dividend payout on the $1-2/3 par value common stock equivalent to $6.65 per share. The 1984 dividend actions also recognized the continuing need for substantial investments in the business to achieve international cost competitiveness.

Earnings per share of Class E common stock for the period October 18 to December 31, 1984 amounted to $1.03. A fourth quarter cash dividend of $0.09 per share was paid on Class E common stock prior to its distribution to $1-2/3 par value common stockholders.

In all, stockholders participated in the success of 1984 through dividends in cash and stock totaling more than $2 billion, more than double the amount received the year before. U.S. hourly and salaried employes participated fully in GM's 1984 success with payrolls and benefit costs increasing to a new high

"...capital spending represents a further major commitment to product quality, new products, new facilities, and factory efficiencies."

of $24.6 billion, up 18% over a year earlier. Earnings from U.S. operations were strong enough to provide profit sharing funds totaling nearly $282 million to be distributed among some 547,000 U.S. hourly and salaried GM employes, or an average of $515 per employe. In addition, those who wish to will be able to increase the value of their profit share by 25% if they apply their payment toward the purchase of a new GM vehicle during 1985. The reduction in profit sharing from last year was more than accounted for by the production lost in North America before labor agreements could be reached. Since March of 1984, GM has paid out more than $600 million in profits to its U.S. employes. No other company has ever distributed such a large amount of profit sharing to employes in so short a span of time.

Based on the stockholder-approved formula, the Incentive Program generated a record fund of over $304 million on record worldwide profits of $4.5 billion. On the recommendation of GM management, however, the Bonus and Salary Committee determined that the amount awarded for 1984 would be $80 million less than the maximum amount available under the incentive compensation formula. Of this amount, $35 million has been returned to income and $45 million will be carried over to future years. The $224 million awarded to GM's managers will be paid in instalments over a three-year period, generally in equal portions of GM stock and cash.

For the 1985 calendar year, we anticipate that GM's capital expenditures, including the annual requirements of EDS, will be approximately $9 billion worldwide, up significantly from the 1984 spending level of $6.0 billion. Largely driven by our forward product programs, this would be the second highest spending in GM's history.

This level of capital spending represents a further major commitment to product quality, new products, new facilities, and factory efficiencies. Saturn Corporation, for example, encompasses all of these. Moreover, there will be additional changes, and there will be more diversification.

There are those who would compare the changing General Motors of these times to the Corporation in the era of Alfred P. Sloan, Jr., who shaped and led GM two generations ago. We

"...one thing does not change: the efforts of everyone ...to build on past achievement while attaining or maintaining GM leadership throughout the world."

leave such comparisons to the historians. Still, it is worth noting what was perhaps Mr. Sloan's most basic perception of the Corporation: "No company ever stops changing...Each new generation must meet changes—in the automotive market, in the general administration of the enterprise, and in the involvement of the corporation in a changing world...The work is only beginning...The work of creating goes on." But one thing does not change: the efforts of everyone in the organization on behalf of the owners of General Motors to build on past achievement while attaining or maintaining GM leadership throughout the world.

Roger B Smith

Chairman

F James McDonald

President

In a year of continued economic expansion, worldwide retail sales of General Motors vehicles in 1984 totaled approximately 8.3 million units, an increase of 10% from the 1983 total and 26% from 1982. Worldwide retail sales by all manufacturers* totaled approximately 37.7 million vehicles in 1984. General Motors accounted for 22% of this worldwide total, compared with 21% in 1983 and 20% in 1982.

Retail Sales in the United States

The momentum of the economic recovery rolled through a second consecutive year in 1984, the best year for new car and truck sales in the United States since 1979.

Industry-wide new car and truck sales in the United States for 1984 totaled 14.5 million units, an 18% increase from 1983 and the fourth best year in the history of the industry. Foreign-sponsored cars and trucks accounted for 3.2 million units, or 22% of U.S. sales, compared with 1983 penetration of 23%.

General Motors dealers sold more than 6.0 million new cars and trucks in the United States in 1984, a 14% increase from the 5.3 million units sold in 1983. GM sales were the best in five years, surpassing six million units for the first time since 1979. The 1984 total consisted of 4.6 million passenger cars, up 13% from the preceding year, and 1.4 million trucks, a 15% increase from 1983 sales. GM attained 42% of the total combined U.S. car and truck sales in 1984 compared with 43% the year before.

Highlighting GM's performance was the excellent customer response to the various all-new front-wheel-drive cars and new compact vans introduced during the year. The chart below lists these new vehicles and also shows the seven GM nameplates which were among the industry's ten best-sellers in 1984. The Chevrolet Cavalier headed the list as the best-selling car in

*Estimated data exclude the Soviet Union, parts of Eastern Europe, and the People's Republic of China. Combined vehicle sales in these areas were estimated to be approximately 4 million units in 1984.

All-New GM Models Introduced in 1984 (U.S.)

Chevrolet	Pontiac	Oldsmobile	Buick	Cadillac	GMC
Sprint Spectrum Astro Compact Van	Grand Am	Ninety-Eight Regency Regency Brougham Calais	Electra Electra T Type Park Avenue Somerset Regal	DeVille Fleetwood Sedan	Safari Compact Van

Top-Selling GM Cars in 1984 (U.S.)

Chevrolet	Pontiac	Oldsmobile	Buick	Cadillac	GMC
Cavalier (1) Celebrity (3) Caprice/Impala (5)		Cutlass Supreme (4) Delta 88 (6) Cutlass Ciera (9)	Century (10)		

Production jobs at GM's all-new assembly plant in Orion Township, Michigan—77 acres under one roof—are monitored from the Maintenance Department control center, providing a continuous check on the status of all equipment. Colored lights on the wall-size board signal the location and nature of any condition requiring attention.

the United States. GM's Buick and Oldsmobile Divisions, surpassing their 1983 marks, again had record sales for the calendar year.

Retail Sales in Canada

Sales of passenger cars and trucks in Canada improved during 1984, reflecting renewed consumer confidence. Industry-wide retail sales of 1.3 million vehicles increased 19% from 1983.

Retail sales of cars and trucks by GM dealers in Canada totaled 477,000 units, an increase of 16% compared with 1983.

General Motors vehicles accounted for 37% of all new cars and trucks sold in Canada in 1984, compared with 38% in 1983.

Dollar sales in 1984 by General Motors of Canada Limited, expressed in U.S. dollars, totaled $12.6 billion, up 12% from $11.2 billion reported in 1983.

International Retail Sales

On the international scene, GM maintained its overall sales level in 1984 even though the industry failed to match the pattern of economic recovery overseas that it achieved in North America. Sporadic labor problems in Europe and continuing economic uncertainty in many other areas suppressed sales. However, the introduction of new GM products in Europe prompted optimism for a sales upturn in 1985.

Total GM retail deliveries outside the United States and Canada amounted to 1.8 million units, including 1,526,000 cars and 282,000 trucks, down slightly from 1983. With more than 8% of overseas industry sales in 1984, GM's sales share remained virtually identical with the previous year.

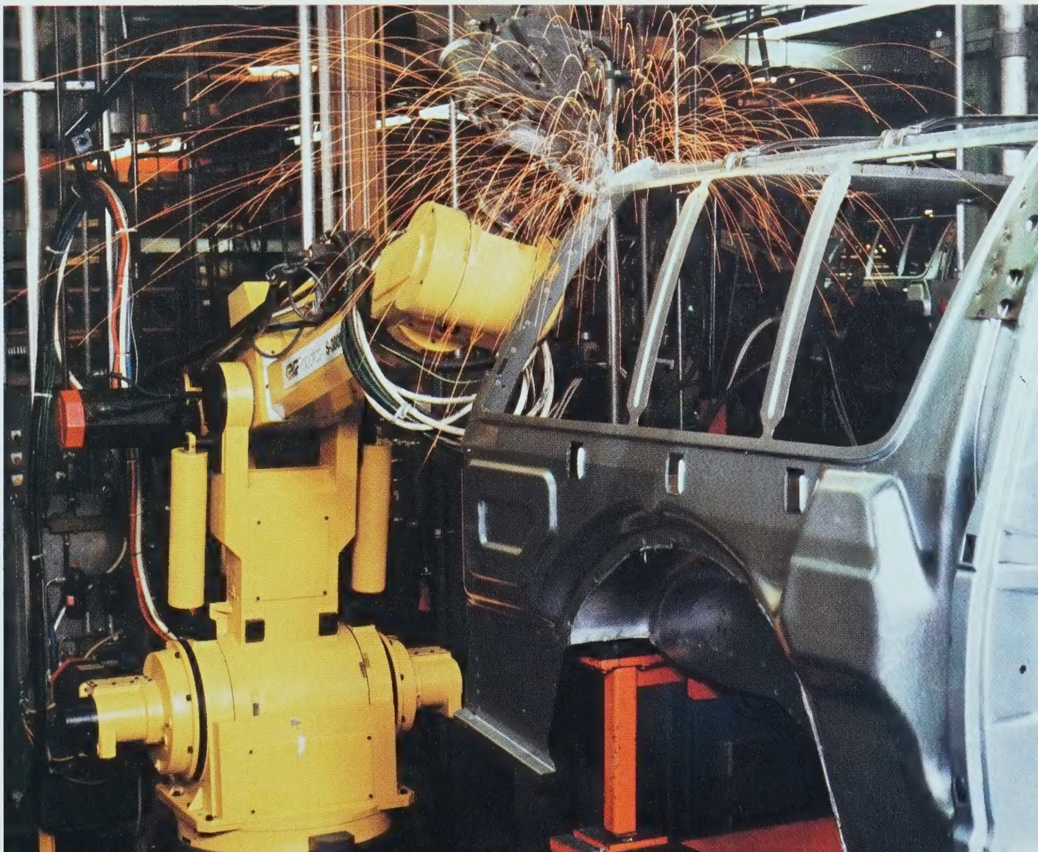
In Europe, GM's record sales momentum of 1983 was interrupted by a seven-week strike of the German metalworkers' union which severely curtailed motor vehicle production throughout Europe. Labor problems also affected production at Vauxhall in the United Kingdom. The European car business remained highly competitive in 1984. Achieving 11% of industry sales, GM moved from sixth to fifth place in European passenger car sales.

Highlighting GM's European product line in 1984 were the all-new front-wheel-drive Opel Kadett and Vauxhall Astra. These models are assembled using advanced manufacturing technology to assure high quality at plants in Bochum, Federal Republic of Germany; Antwerp, Belgium; and Ellesmere Port, England. The Kadett/Astra was named Europe's Car of the Year for 1985 in a poll conducted among 51 journalists from 16 European countries.

GM European retail sales totaled 1,178,000 cars and trucks, a decline of 5% from 1983.

In the Federal Republic of Germany, GM's sales decreased to 390,000 units, 14% below 1983, primarily due to strike-induced

CHEVROLET NOVA



A robotic welder manufactured by GMFanuc Robotics Corporation (GMF) applies body welds to a vehicle being assembled at GM's Truck & Bus plant in Pontiac, Michigan. GMF is a joint venture 50 percent owned by General Motors and 50 percent owned by Fanuc Ltd. of Japan. GMFanuc is the leading supplier of robots and robotic systems in the United States.

shortages of most models. However, with better availability, the small Opel Corsa registered an impressive 33% gain over 1983. In the United Kingdom, GM sales totaled 323,000, up 8% from the previous year. In April, General Motors announced at a London press conference that it was planning to make its largest single investment in the United Kingdom to modernize Vauxhall's car assembly plants in Luton and Ellesmere Port.

The Bedford Commercial Vehicle Division of GM's worldwide Truck and Bus Group launched its new Astra Van as part of Bedford's increased emphasis on the light van business in the United Kingdom. Production of a new one-ton van, the Bedford Midi, commenced at the end of December. A full-range of 16 variants of the Midi will be produced at Bedford's facilities in Luton.

In November, the British Post Office purchased 40 Bedford CF electric vans for a major energy-saving evaluation program. The CF electric is the world's first mass-produced electric van in its class.

In Latin America, GM car and truck sales totaled 299,000 in 1984. Continuing economic problems contributed to lower motor vehicle demand in most countries in the area, although GM deliveries were down only slightly from 1983. While total GM sales in Brazil declined 11% to 170,000 units, the Monza held the No. 1 sales position in the country during the year. In Venezuela, GM maintained its sales leadership in a depressed market.

PONTIAC 6000 STE

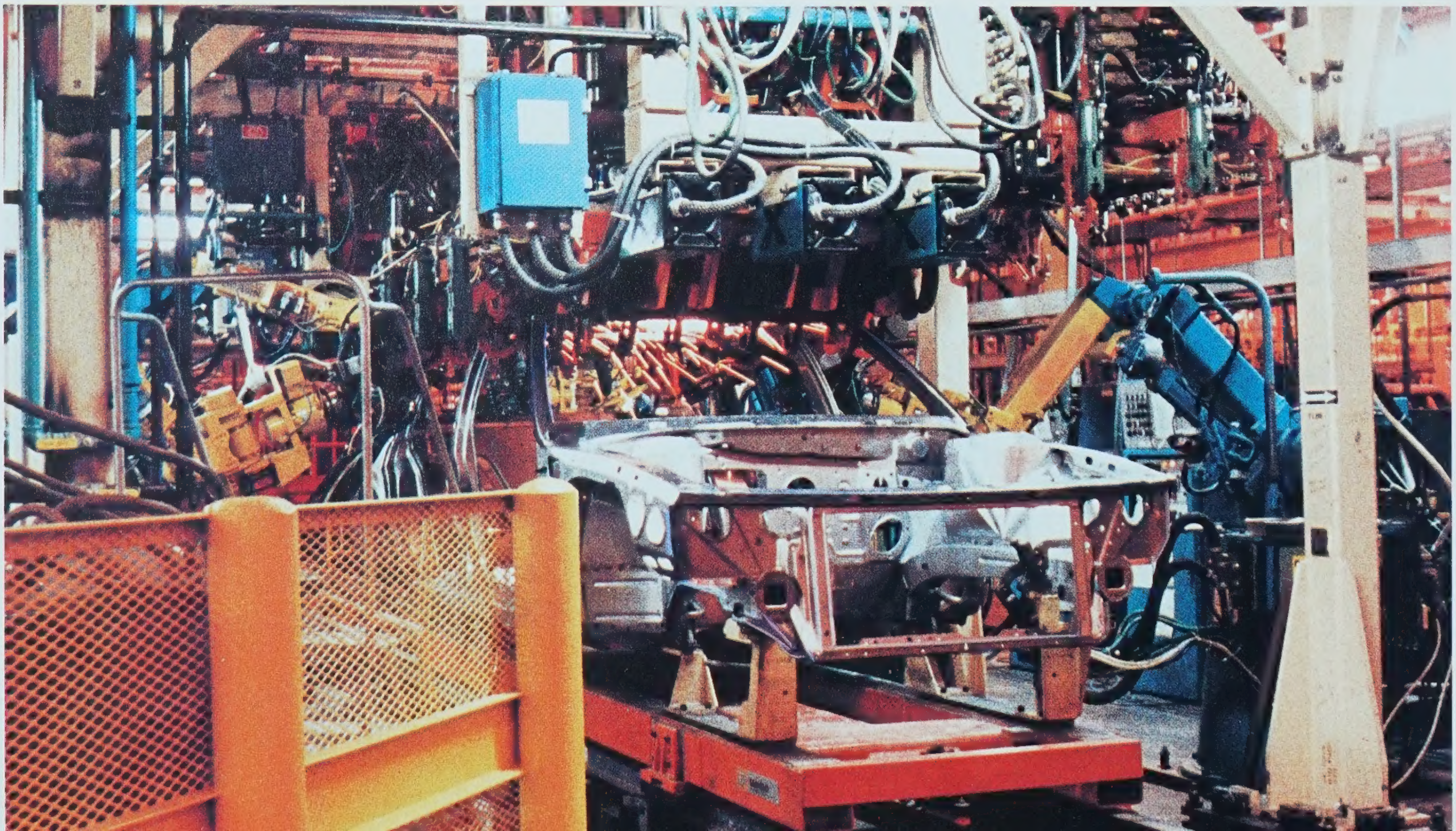
Paced by a strong upturn in the truck business, GM sales in Mexico climbed to 46,000, up 42% over 1983. In late summer, GM began producing Chevrolet El Camino and GMC Caballero pickups in Mexico for sale in the United States.

In Africa, GM sold 69,000 cars and trucks in 1984, up 8% from the year-earlier total. However, restrictive monetary and fiscal policies imposed by the South African government had a severe impact on that country's motor vehicle market during the second half of the year.

In the Middle East, General Motors deliveries totaled 60,000, down 24% from 1983, as the area continued to be plagued by uncertainty over oil prices and production quotas and increased military tensions.

In the Asia/Pacific region, GM sales increased 3% to 198,000 units. GM sold 115,000 cars and trucks in Australia, a gain of nearly 4% over 1983. Further increases in GM's Australian sales share are expected as a result of the introduction of two new Holden's models in 1984—the Astra in August and the JD Camira in November.

In Korea, Daewoo Motor Company, Ltd. announced plans in June to produce a small Opel-designed passenger car beginning in the 1987 model year. Daewoo Motor, a 50/50 joint venture between GM and Daewoo Corporation, expects to produce about 167,000 units annually at new Korean facilities. Up to half of these cars could be made available for export to other areas of the world including the United States.



SATURN CORPORATION

General Motors Announces Separate Saturn Subsidiary; Adds Sixth North American Nameplate

The addition of a new automotive operating unit—Saturn—to GM's passenger car divisions was announced January 8, 1985. Saturn will add a sixth nameplate to GM's North American passenger car marques—Chevrolet, Pontiac, Oldsmobile, Buick, and Cadillac. Saturn is the first such nameplate added in the United States since Chevrolet joined the GM family in 1918.

To be created as a separate GM subsidiary, the Saturn Corporation eventually will have assets of $5 billion. GM Chairman Roger B. Smith said a separate company is necessary because the different technology, systems, and organization developed by Project Saturn require a new structure distinct from GM's other automotive operations, even though they are being reorganized. Saturn is a "clean-sheet" undertaking to produce small cars in the United States that are cost-competitive with the lowest-priced imports. The launching of Saturn Corporation will include establishment of separate dealer franchises to sell its cars.

The Saturn operating unit is a self-contained business reporting to Lloyd E. Reuss, vice president and group executive, Chevrolet, Pontiac, GM of Canada Group.

Saturn will build and operate its own integrated manufacturing and assembly complex, using unique technologies in product and processing, advanced management methods, and a "zero inventory" philosophy.

Saturn's employe relations will be influenced by concepts developed by the GM-UAW Saturn Study Center. The Saturn Study Center explored alternative approaches to building small cars competitively. The Center developed recommendations on the organization of Saturn with respect to design of the work unit; the recruitment, selection, orientation, and training of workers; and the roles of both the union and management. The GM/Toyota joint venture also will help Saturn achieve its goals by providing exposure to Japanese management and assembly techniques.

Roger B. Smith has said that after Saturn there will be other stars in GM's product lineup—cars of the future made in the Factory of the Future. This is the computer-integrated factory, a highly flexible automated facility that will use the best combination of people and machines to manufacture improved products for a changing marketplace.

On Car-Trac II at Orion (LEFT), automatic weld guns weld the roof to the car body. Of the nearly 5,000 separate welds required for each body, 93 percent are performed automatically, compared with 18 percent on previous models of these cars. Motorized robots combined with fork lifts (RIGHT) facilitate the just-in-time delivery of inventory as it is needed. The AGVS — for Automated Guided Vehicle System — directs the vehicles through the plant's expanse, following some 19,000 feet of wire buried in the floors. A computer sends signals through the wire to control automatic loading and unloading of parts. Sensors automatically stop the AGV if anything is in its path, then restart it when the way is clear.

GM/Toyota Joint Venture

Early in 1984, the 50/50 manufacturing joint venture between General Motors and Japan's Toyota Motor Corporation to produce a subcompact automobile at an idle former General Motors assembly plant at Fremont, California, was formally named New United Motor Manufacturing, Inc. The first production vehicle came off the assembly line at Fremont in December. The car—called the Nova—will be introduced in the late spring of 1985 and sold by Chevrolet dealers. Up to 250,000 units will be built annually.

Power Products and Defense Operations

GM's Power Products and Defense Operations experienced significant sales improvement in 1984 compared to the depressed levels prevalent throughout most of 1983. The sales improvement is primarily the result of the strong U.S. economy and an increased demand for capital goods overseas.

Electro-Motive Division's (EMD) 1984 locomotive sales increased sharply from the levels attained during the past two years, with its sales share returning to historic levels. The shipment of diesel locomotive components to export associates and licensees also increased during the year. Lower sales of EMD engines used in oil rig drilling, marine and industrial applications partially offset the improved locomotive sales. In 1984, EMD unveiled its new "60 series" locomotives which feature microprocessor control technology and a new, more fuel-efficient engine.

Allison Gas Turbine Division experienced significant improvements across its product lines. Research and development investments and government contracts also were increased. Allison was awarded a $93 million U.S. Navy contract for development of a new series turboprop engine for use in a U.S. Navy reconnaissance aircraft. Other Allison activities included the launching of a co-generation program for efficient production of both electric power and industrial steam, as well as expanded marketing of marine propulsion which led to an order for engines to power Canadian Navy destroyers or frigates.

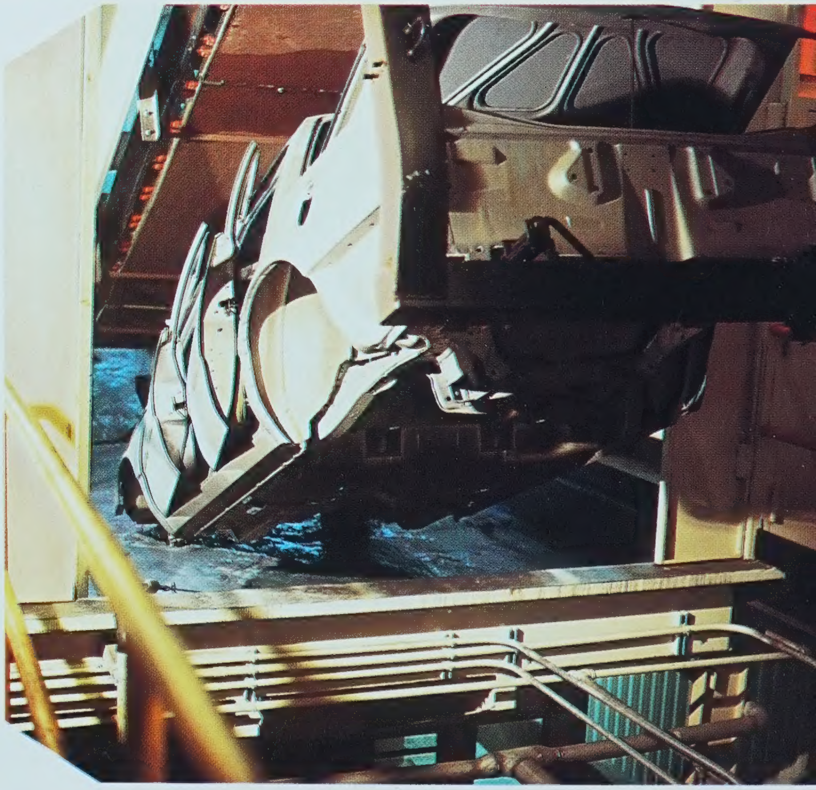
GM of Canada's Diesel Division also experienced a sales increase in 1984 primarily due to increased sales of export locomotives and delivery of Light Armored Vehicles. Locomotive deliveries included units for Egypt and various rail companies within Canada.

Delco Systems Operations provided turrets for use in the armored vehicles manufactured by GM of Canada's Diesel Division and developed advanced microelectronics control systems for use in EMD's new "60 series" locomotive. Delco Systems also provided digital technology for use in advanced automotive products and delivered high reliability guidance and navigation, computer, and armament products to the U.S. defense and space effort.

As part of GM's strategy to strengthen its defense business, a new Military Vehicles Operation was established during 1984 as a separate operating unit within the Power Products and Defense Operations. A primary goal of this new organization is to develop a sustained commitment to the overall military vehicle business, thereby becoming an integral participant in the establishment of General Motors as a leader throughout the world in the defense business.

GM Invests in Technology

In addition to the acquisition of Electronic Data Systems Corporation, discussed more fully on pages 17 through 19, General Motors acquired or entered into letters of intent to acquire minority equity interests and to fund significant research and development efforts in a number of smaller, high technology companies. Five are machine vision companies: Applied Intelligent Systems, Inc. of Ann Arbor, Mich.; Automatix Incorporated of Billerica, Mass.; Diffracto Limited of Windsor, Ontario; Robotic Vision Systems, Inc. of Hauppauge, N.Y.; and View Engineering Inc. of Simi Valley, Calif. All of these companies have the expertise, using different technologies, to develop advanced auto-



mation systems incorporating the ability to "see"—an invaluable asset in most manufacturing operations. Each of these companies is suited to assist General Motors in a different application of machine vision technology to meet the diverse needs of GM's operations.

Machine vision systems are an essential element in GM's quality improvement efforts. They can permit 100 percent process control at every step during many manufacturing processes, preventing the manufacture of faulty parts at the source. The systems can also enhance the flexibility and productivity of robots when used to guide them to the parts on which they are working. GM has already developed various kinds of computer-aided vision systems to perform such jobs as positioning windshields for assembly and mounting wheels and tires on new cars.

General Motors has also invested in Teknowledge, Inc. of Palo Alto, Calif., a small company that specializes in knowledge engineering or "expert systems." These systems can simulate the decision-making process of human experts. Of the many applications this technology will have, experts look ahead to the time when the various systems in a General Motors car can be quickly and accurately diagnosed by a computer through any local dealership. Easier and less costly maintenance would thus improve customer satisfaction.

BUICK SOMERSET REGAL

Board of Directors

Since our last Annual Report, the following changes in the membership of the Board of Directors were announced.

Ellmore C. Patterson, former Chairman of the Board, J. P. Morgan & Co., Inc., did not stand for re-election at the 1984 Annual Meeting pursuant to the Director Retirement Policy of the Board of Directors. Mr. Patterson joined the GM Board in May 1974 and contributed generously from his extensive background and experience to the deliberations of the Board of Directors and the Committees on which he served.

Ross Perot, founder and Chairman of Electronic Data Systems Corporation, was elected to the Board on July 2, 1984.

Joseph J. Sanchez: 1930-1985

We were deeply saddened by the untimely death of Joseph J. Sanchez on January 26, 1985. Formerly Vice President and General Manager of the Oldsmobile Division, he was appointed President of GM's new Saturn Corporation, effective January 7, 1985. Mr. Sanchez was associated with General Motors for over thirty years and will be remembered for his valuable contributions to the Corporation and his outstanding leadership qualities.

Changes in the painting process, perhaps as much as in any area, contribute to the product quality improvement and the enhanced quality of work life in the production of today's automobiles. State-of-the-art paint systems are operated from an automated video control room (FAR LEFT). The bare metal body (LEFT) is prepared for painting by a submersion process called cathodic electrodeposition—"elpo" for short. This gives the body and primer opposite electrical charges so that the primer will adhere to every surface. Robot painters (RIGHT) go to work with a flourish in the main color booth. The body will pass nine pairs of robot painters teamed with other robot devices which open and close doors and paint inside surfaces.

Employment and Payrolls

As a result of higher production levels, GM's worldwide employment and payrolls in 1984 increased over 1983 levels. Average worldwide employment totaled approximately 748,000 men and women in 1984, with payrolls (including profit sharing) amounting to $22.5 billion. This included 14,300 employes of GM's financing and insurance subsidiaries, whose payrolls amounted to $373.9 million, and 15,000 employes of EDS who joined the GM organization in 1984 through the acquisition of EDS by GM. For 1983, average worldwide employment was 691,000 and payrolls totaled $19.6 billion, including 14,500 financing and insurance subsidiary employes with payrolls of $363.9 million.

The average number of GM hourly employes in the United States in 1984 was 375,000 men and women, and payrolls totaled $13.6 billion. In comparison, average U.S. hourly-rate employment in 1983 was 336,000, with payrolls totaling $11.4 billion. In 1984, GM's hourly-rate labor costs in the United States, including benefits for both active and inactive employes, averaged approximately $22.60 per hour worked, compared with approximately $21.80 per hour worked during the previous year.

Benefit Plans

In 1984, GM's provisions for pension plans, health-care coverages, and other employe benefit programs in the United States totaled $5.6 billion, compared with $4.7 billion in 1983. The increase in costs is primarily attributable to improved benefit plans as a result of the new U.S. labor agreement as well as changes affecting salaried employes and continued health care cost escalation.

Of the 1984 total, pension plan provisions amounted to $2.3 billion, and the cost of providing health-care coverages also amounted to $2.3 billion. The cost of other benefit programs, such as life insurance, sickness and accident insurance, Supplemental Unemployment Benefits, Guaranteed Income Stream, and the Savings-Stock Purchase Program, totaled $1.0 billion in 1984.

Equal Employment Opportunity

Progress in terms of the representation of minorities and women in GM has continued to be encouraging. At year-end 1984, minorities represented over 20% of GM's total U.S. work force, compared with 19% reported at the end of 1983. Minorities accounted for 13% of white-collar employment and 22% of blue-collar employment, compared with 12% white-collar and 21% blue-collar at the end of 1983.

GM's U.S. employment of women was 19% at year-end 1984 compared with 18% at the end of 1983. Women accounted for 24% of white-collar employes and 18% of

Perhaps the most intriguing use of today's technology is the Automatic Guided Vehicle System (AGVS) which transports automotive parts and components through the assembly process. At GM's newly modernized Lansing plant, a large AGV carrying chassis and exhaust assemblies (LEFT) waits its turn to move the component into the car body. In the engine dress system, all primary assembly operations are completed with the engine on a guided vehicle. The vehicles (NEAR RIGHT) can raise engines to the most convenient height for assemblers and also can be temporarily held at any of 40 individual work stations if additional operations are necessary to ensure quality. The engines are transferred to another AGV for the engine merge process (FAR RIGHT). Both the chassis and engine merge systems use infrared sensing to track the moving car bodies so that the AGV is always aligned with the correct body.

blue-collar employes, compared with 24% white-collar and 17% blue-collar at the end of 1983.

New U.S. Labor Agreement

The new three-year labor agreement reflects a cooperative effort between General Motors and the UAW to improve the Corporation's competitive position. Ratification by a majority of the UAW membership was announced October 14, 1984, and the contract took effect October 15, 1984 to run to September 14, 1987. The new contract will moderate rising labor costs while establishing an innovative program for ensuring job security for GM employes with one or more years of seniority.

Highlights of the principal provisions of the new UAW agreement are:

☐ The contract provides that GM commit up to $1 billion over a period of six years to provide job security for eligible employes who would otherwise be laid off due to outsourcing, the introduction of technology or negotiated productivity improvements. These employes may be provided developmental training consistent with the Corporation's future requirements, may replace other employes in need of training, may be placed in existing job openings or may be given nontraditional assignments within or outside the bargaining unit.

☐ GM pledged to commit up to $100 million for the joint development of business ventures that would provide jobs in nontraditional areas, paying particular attention to communities affected by the loss of GM-UAW employment.

☐ The contract provides for an average 2¼% wage increase in the first year of the agreement scaled to provide larger percentage pay increases to the more highly skilled employes. In the second and third years, workers are projected to receive annual lump-sum payments on average of between $675 and $850. These payments are not part of the base wage rate and will therefore not increase GM's benefit costs.

☐ The cost of living allowance (COLA) remains essentially unchanged except that the COLA formula is now based on the U.S. Consumer Price Index rather than the combined U.S.-Canadian Consumer Price Index. Further, to help defray the cost of improvements in benefit programs, COLA will be reduced by one cent an hour in each of the first nine quarterly adjustments. That reduction will increase to two cents per quarter in the last two quarters of the contract. Also, $2.99 an hour of the current COLA rate of $3.04 an hour has been folded into base wages.

CADILLAC FLEETWOOD Sedan

GMC GENERAL

☐ The contract calls for a bonus of $50 a quarter for those employes with perfect attendance and a special award of an additional $300 to those employes with a perfect attendance in all four quarters, a possible total of $500 a year.

☐ The agreement provides for one additional paid holiday in each of the three years of the contract, improved basic pension benefits for active as well as retired employes, and a new "Informed Choice Plan" which gives employes a choice of three health-care plans aimed at delivering health-care benefits in a quality, cost-effective manner. Workers may choose among traditional coverage, health maintenance organizations, and preferred provider organizations for their health-care needs.

☐ The profit sharing formula remains essentially unchanged from the previous agreement.

Changes Affecting Salaried Employes

During 1984, GM's U.S. salaried employes were presented with a number of improvements and modifications in compensation and benefits. The changes were influenced by competition, the desire for internal equity, and the health of the business. Some of these ongoing changes were designed to enable each employe to shape a compensation and benefits package that best suits individual and family needs.

Following are selected highlights from the new salaried employe compensation package:

☐ Monthly base salaries for employes not eligible for bonus were increased about $518 (more than $6,200 annually) by transferring a major portion of the existing COLA. Merit funds available for individual salary growth also will be increased for 1985. Eligible salaried employes will also continue to benefit from GM's Profit Sharing Plan.

☐ GM's matching contribution to participants in the Savings-Stock Purchase Program (S-SPP) increases from $0.35 to $0.65 per eligible dollar of employe savings. Participants will also have added investment options and flexibility.

☐ The "Informed Choice Plan" will enable employes to select from among three health-care plans—the traditional coverage, a preferred provider organization, or a health maintenance organization.

☐ Employment security is enhanced through a new program that provides placement, training or temporary work in other assignments for employes who otherwise would be scheduled for layoff under certain conditions.

☐ Basic retirement benefits for active and retired employes under the non-contributory portion of the Salaried Retirement Program have been improved. Employe contributions and future benefits under the optional portion of the program have been reduced.

☐ "Flex 85," an innovative flexible compensation plan, will enable participants to trade in certain coverages for cash or credits, and also redirect portions of their sal-

In the Chassis Department at GM-Orion, an automatic camber set machine (LEFT) aligns the front and rear suspensions of the car as it moves along the assembly line. A vision-guided robot (NEAR RIGHT) at GM's Lansing facilities secures fasteners for front suspension components. As each car passes, the robot (mounted on a moving carriage) tracks the car. Video cameras scan the underside of the car to locate the fasteners. A signal is sent to a microprocessor, which interprets the image and sends instructions to the robot. Instruments are connected to a computer (RIGHT) for a complete check of all functions before the panel is sent by overhead conveyor to the point of installation.

ELECTRO-MOTIVE "60 Series" Diesel-Electric Locomotive

ary to establish a flexible spending account. The employe can then choose to use these funds to pay for certain dependent care, legal services, and health care benefits on a tax-effective basis.

☐ A Training Priorities Committee has been established to assist GM units in evaluating, developing and obtaining the training needed by the salaried work force. Up to $25 million has been designated for training programs for salaried employes in 1985.

☐ A program for dual-career couples will provide employment assistance for a non-GM spouse when an employe is relocated. If the relocation affects a GM couple in which only one employe is transferred, the other can obtain a special leave or receive preferential placement assistance in the new community.

☐ Other changes for salaried employes include substantial improvements in the GM Tuition Assistance Program, increased survivor income benefit insurance, and one additional paid holiday in each of the next three years.

Profit Sharing Payout

Earnings from U.S. operations were strong enough to provide profit sharing funds totaling nearly $282 million to be distributed among some 547,000 U.S. hourly and salaried GM employes, or an average of $515 per employe. In addition, those who wish to will be able to increase the value of their profit share by 25% if they apply their payment toward the purchase of a new GM vehicle during 1985. The reduction in profit sharing from last year was more than accounted for by the production lost in North America before labor agreements could be reached. Since March 1984, GM has paid out more than $600 million in profits to its U.S. employes. No other company has ever distributed such a large amount of profit sharing to employes in so short a span of time.

Incentive Program

Based on the stockholder-approved formula, the Incentive Program generated a record fund of over $304 million on record worldwide profits of $4.5 billion. On the recommendation of GM management, however, the Bonus and Salary Committee (a group composed of non-employe directors) determined that the amount awarded for 1984 would be $80 million less than the maximum amount available under the incentive compensation formula. Of this amount, $35 million has been returned to income and $45 million will be carried over to future years. The $224 million awarded to GM's managers will be paid in installments over a three-year period, generally in equal portions of GM stock and cash.

Results of Operations

General Motors' net income in 1984 of $4,516.5 million was $786.3 million higher than in 1983.

As detailed in the table below, worldwide factory sales (sales of General Motors cars and trucks to its dealers) in 1984 totaled 8,256,000 units, 6% above 1983 unit sales. Worldwide dollar sales and revenues in 1984 were $83.9 billion, 13% above 1983. Dollar sales and revenues include price adjustments of $2.9 billion in 1984, compared with $3.2 billion in 1983 and $2.9 billion in 1982.

The table shows the percentage contribution to GM's total worldwide dollar sales and revenues, before elimination of interarea sales and revenues, by U.S., Canadian, and overseas operations. Automotive products accounted for more than 94% of GM's sales and revenues in each of the last three years.

In analyzing the earnings for the three years, it should be noted, as shown on page 1, that the two largest cost elements are payments to suppliers (for raw materials and expenses) and the cost of labor. Efforts to control supplier costs, particularly for raw materials and energy, have continued. The cost of labor reflects the U.S. labor agreement, ratified in April 1982, that expired in September 1984 and the new three-year contract ratified in October 1984.

Taxes represent the third largest cost element of the Corporation. The significance of GM's tax burden is illustrated by comparing it with the level of cash dividends paid. For example, holders of $1-2/3 par value common stock received cash dividends of $4.75, $2.80, and $2.40 per share on their investment in 1984, 1983, and 1982, respectively. During the same period, taxes incurred were equivalent to $16.98, $15.61, and $7.22 per $1-2/3 par value common share, respectively.

The Corporation's net income as a percent of sales and revenues was 5.4% in 1984, compared with 5.0% in 1983 and 1.6% in 1982.

1984 Compared With 1983

The 1984 net income of $4,516.5 million compares with 1983 net income of $3,730.2 million. As shown in the table below, that income was earned principally in the United States and Canada. Earnings reflect the inclusion, for the period from October 18 to December 31, 1984, of the net income of Electronic Data Systems (EDS).

Earnings per share of $1-2/3 par value common stock amounted to $14.22 in 1984 versus $11.84 per share in 1983. The $2.38 per share improvement in earnings in 1984 is primarily attributable to higher volume, improved operating performance and the reversal of deferred income taxes related to the domestic international sales corporation (DISC), partially offset by increased costs not fully recovered through prices.

Earnings per share of Class E common stock amounted to $1.03 in 1984. These earnings are based on the Separate Consolidated Net Income of EDS as defined in Note 8 to the Financial Statements.

Interest expense decreased from 1983 due in part to the lower interest costs associated with reduced levels of long-term borrowings.

Total taxes of General Motors, including payroll and property taxes but excluding the taxes of GM's financing and insurance operations, General Motors Acceptance Corporation (GMAC) and its subsidiaries as discussed below, totaled $5,377.5 million in 1984 compared with $4,899.6 million in 1983. The provision for U.S., foreign and other income taxes in 1984 reflects $1,317.1 million U.S. taxes, which includes the favorable impact of U.S. investment tax credits. These taxes are net of a deferred income tax reversal of $421.3 million, or $1.34 per share of $1-2/3 par value common stock, reflecting a change in the provisions covering DISCs in accordance with the Deficit Reduction Act of 1984.

GMAC and its subsidiaries earned $784.8 million in 1984, compared with a record $1,002.0 million in 1983. The decline in earnings was principally a result of higher short-term borrowing costs in the U.S., combined with the impact of earnings on retail receivables acquired in previous years at lower yields. GMAC's income taxes, which are provided for separately from GM, decreased $202.2 million to a total of $591.9 million for 1984 as a result of decreased pretax earnings.

*The comments covering power products and defense sales (page 8), people of General Motors (pages 10 through 13), and the effects of inflation on financial data (pages 32 and 33) also should be read as an integral part of this discussion and analysis.

Worldwide Factory Sales
(Units in Thousands)

	CARS			TRUCKS & BUSES			TOTAL		
	1984	1983	1982	1984	1983	1982	1984	1983	1982
United States	4,338	3,996	3,147	1,338	1,123	895	5,676	5,119	4,042
Canada	549	539	335	277	263	230	826	802	565
Overseas†	1,485	1,606	1,388	269	242	249	1,754	1,848	1,637
Total	6,372	6,141	4,870	1,884	1,628	1,374	8,256	7,769	6,244

†Includes units which are manufactured overseas by other companies and which are imported and sold by General Motors and affiliates.

Percentage of Net Income (Loss) Attributable to:

	1984	1983	1982
United States	86%	93%	111%
Canada	17	16	(3)
Overseas	(3)	(9)	(8)
Total	100%	100%	100%
Automotive	100%	102%	101%
Nonautomotive	–	(2)	(1)
Total	100%	100%	100%

Percentage of Worldwide Dollar Sales and Revenues Attributable to:

	1984	1983	1982
United States	76%	74%	72%
Canada	13	13	11
Overseas	11	13	17
Total	100%	100%	100%
Automotive	96%	96%	94%
Nonautomotive	4	4	6
Total	100%	100%	100%

1983 Compared With 1982

The 1983 net income of $3,730.2 million or $11.84 per share of common stock compared with 1982 net income of $962.7 million or $3.09 per share of common stock.

The $8.75 per share improvement in earnings in 1983 was primarily attributable to increased volume, an improved product mix, efficiencies due to cost reduction efforts, and increased earnings of GMAC and its subsidiaries. As explained in Note 1 to the Financial Statements, the Corporation implemented Statement of Financial Accounting Standards No. 52, Foreign Currency Translation, effective January 1, 1983 and the effect was to reduce net income for 1983 by about $422.5 million ($1.35 per share).

Interest expense decreased from 1982 due to the lower interest costs associated with reduced levels of long-term borrowings.

The provision for U.S., foreign and other income taxes in 1983 reflected $1,811.4 million U.S. taxes, which included the favorable impact of U.S. investment tax credits.

GMAC and its subsidiaries earned a record $1,002.0 million in 1983, compared with the previous record of $688.0 million in 1982, reflecting lower short-term borrowing costs and a higher level of earning assets.

OLDSMOBILE DELTA 88 ROYALE BROUGHAM Sedan

Liquidity and Capital Resources

In 1984, cash and marketable securities increased by $2,350.5 million, or 38%, principally reflecting funds provided by current operations and the net decrease in other working capital items, only partially offset by expenditures for property and for the intangible assets acquired in the acquisition of EDS. The net decrease in other working capital items consisted primarily of an increase in loans payable due principally to the fluctuating rate GM notes issued in connection with the acquisition of EDS.

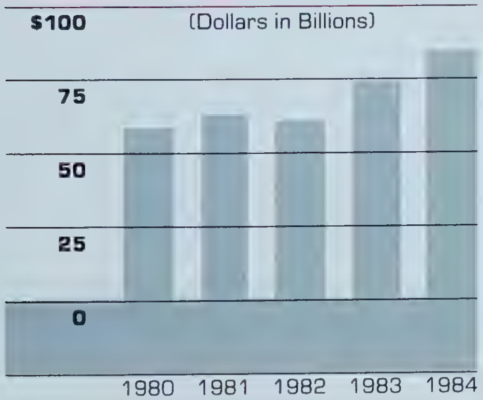
In 1983, cash and marketable securities increased by $3,090.7 million, or 99%, principally reflecting funds provided by current operations, only partially offset by expenditures for property, the net reduction in long-term debt and the net increase in other working capital items (principally accounts and notes receivable). The increase in accounts and notes receivable of $4,099.7 million in 1983 reflected the sales increase as well as an increase in the receivable from GMAC, which provides the majority of the wholesale financing of General Motors' products. That increase included $2,562.4 million related to dealer vehicle stocks for which payment from GMAC was due at a later date than previously had been the practice.

Long-term debt was reduced by $719.8 million in 1984 as a result of decreases in long-term debt of $1,793.9 million exceeding increases of $1,074.1 million. Accordingly, the ratio of long-term debt to the total of long-term debt and stockholders' equity declined to 9.1% at December 31, 1984.

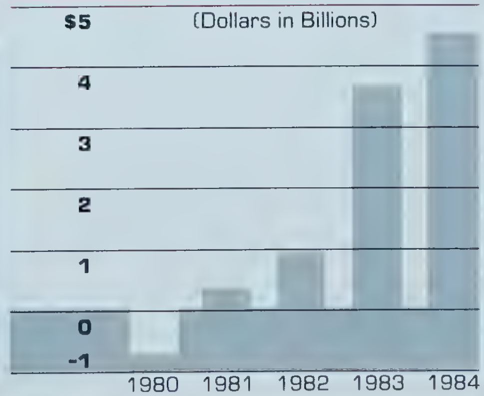
During 1983, long-term debt had decreased $1,314.8 million because decreases of $4,491.9 million exceeded increases of $3,177.1 million. As a result, the long-term debt ratio had declined to 13.1% at year-end 1983.

The ratio of long-term debt and short-term loans payable to the total of this debt and stockholders' equity amounted to 18.5% at December 31, 1984, an increase of one point from the 17.5% ratio at December 31, 1983 reflecting the notes issued in the EDS acquisition.

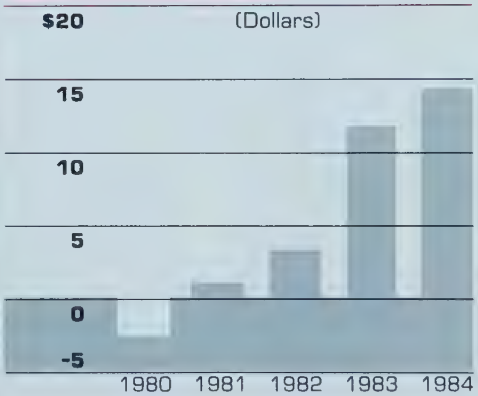
Sales and Revenues



Net Income



Earnings Per Share of $1-2/3 Par Value Common Stock



The senior long-term debt ratings of GM and GMAC carry the second highest possible rating, while the short-term commercial paper of GMAC continues to carry the highest possible rating. In line with the past practice of maintaining lines of credit, at year-end 1984 the Corporation and its subsidiaries (excluding GMAC) had unused short-term credit lines of approximately $2.4 billion and unused long-term credit agreements of approximately $1.4 billion.

Of the 1984 worldwide expenditures for real estate, plants and equipment, approximately 82% were made in the United States (78% in 1983 and 73% in 1982), 4% in Canada (7% in 1983 and 5% in 1982), and 14% overseas (15% in 1983 and 22% in 1982).

Product programs necessary to respond to the demands of the marketplace for quality and fuel economy, to improve General Motors' competitive position worldwide, to improve plant efficiency, and to meet government standards require continued high capital expenditures. In each of the last nine years, GM has introduced substantially redesigned or new models in the United States and Canada. Significant product redesign programs also have been undertaken by overseas subsidiaries. Commitments for capital spending at December 31, 1984 totaled $4.2 billion, and it is anticipated that total capital expenditures, including the annual requirements of EDS, will be approximately $9 billion in 1985.

The decrease in preferred stocks reflects the Corporation's previously announced long-term program to repurchase such stock when it is considered economically attractive to GM. The difference between repurchase prices and the stated value of $100 per share has been credited to capital surplus.

The issuance of Class E common stock reflects primarily the acquisition of EDS, as described more fully in Note 1 to the Financial Statements, and the dividend of one share of Class E common stock for every 20 shares of $1-2/3 par value common stock on December 10, 1984.

Increases in $1-2/3 par value common stock and other capital surplus in 1984 reflect use of newly issued stock for purposes of bonus deliveries, the Stock Option Plans (SOP) and the General Motors Dividend Reinvestment Plan (DRP). In 1983 and 1982, newly issued stock was used for the SOP, the DRP, the Savings-Stock Purchase Programs, and the Employe Stock Ownership Plans. In addition, the Corporation exchanged common stock for long-term debt in the earlier two years.

It is the Corporation's policy with respect to $1-2/3 par value common stock to distribute from current earnings such amounts as the outlook and the indicated capital needs of the business permit. In this regard, a strong capital position must be maintained in order to meet capital expenditures in the years ahead. The Class E common stock dividend policy is discussed on page 19 and in Note 8 to the Financial Statements.

Accumulated foreign currency translation adjustments of ($789.5) million at December 31, 1984 and ($661.8) million at December 31, 1983 are included in a separate section of stockholders' equity.

Book value per share of $1-2/3 par value common stock increased in 1984 to $72.16 from $64.88 at the end of 1983. Book value was $57.64 at the end of 1982. Book value per share of Class E common stock was $36.08 at the end of 1984. Net income as a percent of stockholders' equity was 18.7% in 1984, compared with 18.0% in 1983 and 5.3% in 1982.

GM's liquidity can be measured by its current ratio (ratio of current assets to current liabilities). For the years ended December 31, 1984, 1983, and 1982, the current ratio, based on last-in, first-out (LIFO) inventories, was 1.36, 1.40, and 1.13, respectively. The LIFO method, while improving Corporate cash flow, adversely affects the current ratio. The first-in, first-out (FIFO) value of inventories, which more nearly reflects replacement cost, exceeded LIFO amounts at December 31, 1984, 1983, and 1982 by approximately $2.2 billion, $2.0 billion, and $1.9 billion, respectively. If inventories were valued at FIFO cost, the current ratio would be 1.40, 1.47, and 1.21, respectively.

Quality control checks occur throughout the assembly line process. Shown here is a Cadillac Sedan DeVille receiving final front- and rear-wheel alignment in a "toe-in" machine. This machine feeds information back to camber equipment — which made the suspension alignment further up the assembly line — and double checks that original setting. The new Cadillac's four-wheel independent suspension makes front- and rear-wheel alignment necessary.

EARNINGS ON CLASS E COMMON STOCK

On October 18, 1984, General Motors acquired Electronic Data Systems (EDS), a leader in the computer services industry. The operations of EDS since October 18 are included in the consolidated results of General Motors shown on pages 20-33 for the period ended December 31, 1984.

The earnings of EDS and its subsidiaries since acquisition by GM, including income earned from services provided to GM and its other subsidiaries but excluding purchase accounting adjustments, form the base out of which any dividends paid on the Class E common stock will be declared. These earnings are designated as the "Separate Consolidated Net Income of EDS" and are described as "Earnings on Class E Common Stock" in the Financial Statements. The rights of Class E common stockholders to participate in dividends are described more fully in Note 8 to the Financial Statements.

In the 22 years since it began operations, EDS has helped to shape many of the technologies and business practices now prominent in the data processing field.

- In the early 1960s, EDS created an entirely new service—Facilities Management, whereby EDS, in effect, assumes data processing responsibility for its client companies, providing all hardware, software, personnel, and computer services. The company was the first computer services firm to sign extended, multi-year contracts with its customers. EDS helped pioneer interactive systems, distributed processing, satellite communications and computer telecommunications, and in the early 1970s began work on EDS•NET, the company's nationwide data communications network. Currently, EDS•NET handles more than 5 million data transactions each day from more than 25,000 on-line customer terminals.
- In 1974, EDS began to serve credit unions by developing systems for CUNADATA Corporation, a subsidiary of the Credit Union National Association; within 10 years, EDS has become the industry leader in service to credit unions.
- In 1978, EDS began an effort to serve another specifically targeted customer—the Federal government. In 1984, Federal government contracts brought EDS over $250 million in revenues. Multi-year arrangements with the Departments of Defense, Interior, Energy, Justice and Agriculture, the U.S. Postal Service, the Social Security Administration, and the Environmental Protection Agency, as well as the Army, Navy, and Marines, make this one of the largest, fastest-growing parts of EDS' business.
- In 1982, the company demonstrated its ability to transfer its service technologies from one area to another related one. EDS•NET, for example, helped prepare EDS for the procurement and implementation of the 10-year, $656 million project VIABLE (Vertical Installation Automation Base Line) for the U.S. Army—one of the largest computer services contracts ever awarded by the Federal government. VIABLE, in turn, proved EDS' readiness in 1984 to take on a systems integration contract with the U.S. Navy. These projects are helping position the company for similar major contracts not only with the government but with the commercial sector as well.

If a single reason could be credited for EDS' steady sustained growth, it is the ability to find, develop and retain the right people for the job. The company's recruiting, training and employe recognition practices help keep EDS personnel ready to anticipate and meet the needs of current customers, and prepare for the business opportunities ahead. The company's training programs, such as the Systems, Engineering and Development (SED) Program, were ahead of their time when first developed, and remain so today. Extensive initial and ongoing education is available for EDS personnel, and the highest priority is given to providing individuals with the tools and work environment necessary for maximum productivity. This people-oriented approach has sustained

EDS Headquarters, Dallas, Texas

EDS' leadership in the data processing industry.

This expertise in data processing and communications will be applied across a broad spectrum of General Motors operations worldwide. It will assist in the development of the advanced computer systems needed to enhance GM's leadership position and enable GM to achieve greater efficiencies in operations.

While the merger with GM was the most significant event of 1984 in EDS' operations, its outside business continued to grow also. EDS signed more commercial business than ever before and several long-term government contracts. Revenues from commercial business are now at their highest point ever.

EDS is not limited to a reliance on any one business category or industry; therefore, the company's well-being is less vulnerable to the downturns of a single industry. Among computer services companies, EDS leads in its ability to serve large companies in a diverse range of industries, both nationally and internationally—including health care, financial services, commercial insurance, industrial, and Federal, state and local government organizations. EDS pioneered the concept of industry specialization and servicing many different industries. While a number of firms compete with EDS in a given industry, most specialize in service to only that one industry.

One traditional EDS stronghold has been the health care market. The year 1984 was no exception. Blue Cross and Blue Shield of Colorado extended its facilities management contract with EDS for an additional three years—until 1992. Blue Shield of Western New York also extended its contract for 10 more years. In addition, EDS recently signed a 10-year contract with Blue Cross/Blue Shield United of Wisconsin, one of the nation's largest plans, bringing the current total of Blue Cross and Blue Shield customers to 13.

EDS continued its steady and progressive growth in the credit union market during 1984. Today, EDS serves 3,100 credit unions with 10 million members. That is an increase of 2 million members in the past year.

EDS' success in the industrials market has been growing. This year, EDS signed a seven-year contract to provide complete data processing services to the six companies that comprise the Specialty Retailing Group of General Mills, Inc.

EDS also signed a new seven-year facilities management contract with Vista Chemicals of Houston, Texas. During the first six months of the agreement, EDS will transfer Vista's data processing activities to EDS' Dallas Information Processing Centers.

AT&T and EDS announced a major expansion of their business arrangement with the signing of a multi-year agreement designed to strengthen the ability of both companies to integrate tailor-made communications and data processing systems. The agreement combines AT&T's technological expertise in communications and data products and services with EDS' knowledge and skills with software and systems integration.

AT&T and EDS project teams will identify and qualify potential sales opportunities that require custom-designed system solutions. If a customer accepts a recommended solution, critical elements will be evaluated and tested before installation.

In 1984, an eight-year, $350 million agreement with the U.S. Navy to update data processing facilities at the Navy's two major inventory control points was also signed. In addition, EDS will build a nationwide telecommunications network, provide both hardware and software, and train more than 5,500 Navy personnel. The contract contains two eight-year extension options, making it a potential 24-year agreement.

Another major government contract is a seven-year, potential $200 million contract with the U.S. Postal Service to automate tracking and handling of airmail. The new system uses laser scanning equipment to sort mail at 351 locations in the continental United States.

In international activities, EDS won a 10-year contract with Unilever PLC of London, England to manage and operate Unilever's United Kingdom telecommunications network. EDS also signed a major contract with British United Provident Association that is believed to be one of the largest contracts for data processing services ever awarded in the United Kingdom.

The Control Room of an EDS Information Processing Center

The following are selected summary financial data relating to the EDS operations which form the Class E common stock Dividend Base for the period from October 18 to December 31, 1984. For purposes of analysis, pro forma calendar year data for 1984 and 1983 are also presented.

Selected Summary Financial Data

(Dollars in Millions Except Per Share Amounts)	Oct. 18 to Dec. 31, 1984	Pro Forma Year Ended December 31, 1984	1983
Revenues:			
Systems and other contracts:			
Outside customers	$184.5	$866.6	$701.7
GM and affiliates	36.4	59.3	–
Interest and other income	4.8	21.5	30.1
Total Revenues	225.7	947.4	731.8
Costs and Expenses	191.1	808.1	614.9
Income Taxes	15.9	58.6	51.7
Earnings on Class E Common Stock	$ 18.7	$ 80.7	$ 65.2
Average number of shares of Class E common stock outstanding (in millions)	18.2	–	–
Earnings per share of Class E common stock	$1.03	–	–
Dividend Base Per Share of Class E common stock*	$0.31	–	–
Cash dividends per share of Class E common stock	$0.09	–	–
Payout Ratio**	29.0%	–	–

*The Dividend Base Per Share represents earnings on Class E common stock divided by 60.0 million shares.
**The Payout Ratio represents dividends per share divided by the Dividend Base Per Share.

(Dollars in Millions)	December 31, 1984	1983
Current Assets:		
Cash and marketable securities	$162.5	$ 95.4
Accounts receivable	191.4	113.6
Other current assets	37.3	26.0
Total Current Assets	391.2	235.0
Current Liabilities:		
Accounts payable	35.4	40.1
Notes payable—current portion	5.7	3.5
Deferred revenue	24.0	27.1
Other accrued liabilities	140.8	75.8
Total Current Liabilities	205.9	146.5
Working Capital	$185.3	$ 88.5
Data Processing Facilities, Property and Equipment	$106.7	$ 94.9
Other Assets:		
Investment in nonconsolidated subsidiaries	$ .6	$ 7.8
Land held for investment and development	72.5	60.5
Other operating assets	36.3	73.0
Total Other Assets	$109.4	$141.3
Long-Term Debt and Deferred Credits:		
Notes payable—long-term portion	$ 27.2	$ 28.4
Deferred income taxes payable	15.3	9.4
Deferred revenue	13.4	6.1
Total Long-Term Debt and Deferred Credits	$ 55.9	$ 43.9

EDS experienced continued growth during the calendar year ended December 31, 1984. During the past year:
- Revenues rose 29.5% to $947.4 million, including $59.3 million derived from GM and affiliates.
- On a pro forma basis, earnings on Class E common stock increased 23.8% to $80.7 million.
- Working capital totaled $185.3 million, an increase of over 100% in 1984.
- Total assets were $607.3 million.
- The number of EDS employes surpassed 22,000, including 7,000 transferred from GM and affiliates, effective January 1, 1985.

The current policy of the GM Board of Directors is to pay dividends on the Class E common stock approximately equal to 25% of the quotient of (a) the Separate Consolidated Net Income of EDS, as defined, divided by (b) the greater of 60 million or the number of shares of Class E common stock outstanding. The Board has also adopted the policy that dividends per share of Class E common stock for the first four quarters following the acquisition of EDS will equal at least $0.09 per share per quarter.

The data do not include the cost of $2,006.3 million to GM of the EDS customer contracts, computer software programs and intangible assets arising from the acquisition of EDS by GM. The cost of these assets is being amortized by GM over their estimated useful lives. Amortization for the period from the date of acquisition to December 31, 1984 was $68.4 million. The unamortized balance at December 31, 1984 was $1,937.9 million. For the purpose of determining earnings per share and amounts available for dividends on common stocks, the amortization of these assets is charged against earnings attributable to $1-2/3 par value common stock. The effect on the 1984 consolidated net income of General Motors is a net charge of $26.1 million, consisting of earnings on Class E common stock less the amortization of the applicable assets and the elimination of intercompany transactions.

People and Technology—The Key to EDS' Success

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The following financial statements of General Motors Corporation and consolidated subsidiaries were prepared by the management which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on judgments of management. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the companies and that its established policies and procedures are carefully followed. From a stockholder's point of view, perhaps the most important feature in the system of control is that it is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel, and a strong program of internal audit.

Deloitte Haskins & Sells, independent certified public accountants, are engaged to examine the consolidated financial statements of General Motors Corporation and its subsidiaries and issue reports thereon. Their examination is conducted in accordance with generally accepted auditing standards which comprehend a review of internal accounting controls and a test of transactions. The Accountants' Report appears on page 30.

The Board of Directors, through the Audit Committee (composed entirely of non-employe Directors), is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Committee selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the Meeting. In addition, the Committee reviews the scope of the audits and the accounting principles being applied in financial reporting. The independent public accountants, representatives of management, and the internal auditors meet regularly (separately and jointly) with the Committee to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Deloitte Haskins & Sells have full and free access to meet with the Committee, without management representatives present, to discuss the results of their examination, the adequacy of internal accounting controls, and the quality of the financial reporting.

Chairman

Chief Financial Officer

STATEMENT OF CONSOLIDATED INCOME

For the Years Ended December 31, 1984, 1983 and 1982 (Dollars in Millions Except Per Share Amounts)	1984	1983	1982
Net Sales and Revenues (Note 2)			
Manufactured products	$83,699.7	$74,581.6	$60,025.6
Computer systems services	190.2	—	—
Total Net Sales and Revenues	83,889.9	74,581.6	60,025.6
Costs and Expenses			
Cost of sales and other operating charges, exclusive of items listed below	70,217.9	60,718.8	51,548.3
Selling, general and administrative expenses	4,006.3	3,234.8	2,964.9
Depreciation of real estate, plants and equipment	2,663.2	2,569.7	2,403.0
Amortization of special tools	2,236.7	2,549.9	2,147.5
Amortization of intangible assets (Note 1)	65.8	—	—
Total Costs and Expenses	79,189.9	69,073.2	59,063.7
Operating Income	4,700.0	5,508.4	961.9
Other income less income deductions—net (Note 5)	1,713.5	815.8	476.3
Interest expense (Note 1)	(909.2)	(1,352.7)	(1,415.4)
Income before Income Taxes	5,504.3	4,971.5	22.8
United States, foreign and other income taxes (credit) (Note 7)	1,805.1	2,223.8	(252.2)
Income after Income Taxes	3,699.2	2,747.7	275.0
Equity in earnings of nonconsolidated subsidiaries and associates (dividends received amounted to $706.1 in 1984, $757.3 in 1983 and $412.7 in 1982)	817.3	982.5	687.7
Net Income	4,516.5	3,730.2	962.7
Dividends on preferred stocks	12.5	12.9	12.9
Earnings on Common Stocks	$ 4,504.0	$ 3,717.3	$ 949.8
Attributable to:			
$1-2/3 par value common stock	$ 4,485.3	$ 3,717.3	$ 949.8
Class E common stock (issued in 1984)	$ 18.7	—	—
Average number of shares of common stocks outstanding (in millions):			
$1-2/3 par value common	315.3	313.9	307.4
Class E common (issued in 1984)	18.2	—	—
Earnings Per Share of Common Stocks (Note 8):			
$1-2/3 par value common	$14.22	$11.84	$3.09
Class E common (issued in 1984)	$1.03	—	—

Reference should be made to notes on pages 23 through 30.

CONSOLIDATED BALANCE SHEET

December 31, 1984 and 1983
(Dollars in Millions Except Per Share Amounts)

ASSETS	1984	1983
Current Assets		
Cash	$ 467.5	$ 369.5
United States Government and other marketable securities and time deposits—at cost, which approximates market of $8,108.7 and $5,834.6	8,099.9	5,847.4
Total cash and marketable securities	8,567.4	6,216.9
Accounts and notes receivable (including GMAC and its subsidiaries—$3,868.5 and $3,560.7)—less allowances (Note 9)	7,357.9	6,964.2
Inventories (less allowances) (Note 1)	7,359.7	6,621.5
Prepaid expenses and deferred income taxes	428.3	997.2
Total Current Assets	23,713.3	20,799.8
Equity in Net Assets of Nonconsolidated Subsidiaries and Associates (principally GMAC and its subsidiaries—Note 9)	4,603.0	4,450.8
Other Investments and Miscellaneous Assets—at cost (less allowances)	2,344.4	1,221.2
Common Stocks Held for the Incentive Program (Note 3)	144.2	56.3
Property		
Real estate, plants and equipment—at cost (Note 10)	39,354.1	37,777.8
Less accumulated depreciation (Note 10)	21,649.8	20,116.8
Net real estate, plants and equipment	17,704.3	17,661.0
Special tools—at cost (less amortization)	1,697.2	1,504.1
Total Property	19,401.5	19,165.1
Intangible Assets—at cost (less amortization) (Note 1)	1,938.5	1.3
Total Assets	$52,144.9	$45,694.5

LIABILITIES AND STOCKHOLDERS' EQUITY	1984	1983
Current Liabilities		
Accounts payable (principally trade)	$ 4,743.5	$ 4,642.3
Loans payable (Note 12)	3,086.0	1,255.2
United States, foreign and other income taxes payable	618.9	202.3
Accrued liabilities (Note 11)	8,988.2	8,809.2
Total Current Liabilities	17,436.6	14,909.0
Long-Term Debt (Note 12)	2,417.4	3,137.2
Capitalized Leases	355.5	384.6
Other Liabilities (including GMAC and its subsidiaries—$300.0 in 1984 and 1983)	5,971.9	4,698.2
Deferred Credits (including investment tax credits—$1,259.9 and $1,281.1)	1,749.2	1,798.9
Stockholders' Equity (Notes 3, 4 and 13)		
Preferred stocks ($5.00 series, $169.8 and $183.6; $3.75 series, $85.8 and $100.0)	255.6	283.6
Common stocks:		
$1-2/3 par value (issued, 317,504,133 and 315,711,299 shares)	529.2	526.2
Class E (issued, 29,082,382 shares in 1984)	2.9	—
Capital surplus (principally additional paid-in capital)	3,347.8	2,136.8
Net income retained for use in the business	20,796.6	18,390.5
Subtotal	24,932.1	21,337.1
Accumulated foreign currency translation and other adjustments (Note 1)	(717.8)	(570.5)
Total Stockholders' Equity	24,214.3	20,766.6
Total Liabilities and Stockholders' Equity	$52,144.9	$45,694.5

Reference should be made to notes on pages 23 through 30.
Certain amounts for 1983 have been reclassified to conform with 1984 classifications.

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

For the Years Ended December 31, 1984, 1983 and 1982
(Dollars in Millions)

	1984	1983	1982
Source of Funds			
Net income	$ 4,516.5	$ 3,730.2	$ 962.7
Depreciation of real estate, plants and equipment	2,663.2	2,569.7	2,403.0
Amortization of special tools	2,236.7	2,549.9	2,147.5
Amortization of intangible assets (Note 1)	65.8	–	–
Deferred income taxes, undistributed earnings of nonconsolidated subsidiaries and associates, etc.—net	(1,316.1)	645.5	75.8
Total funds provided by current operations	8,166.1	9,495.3	5,589.0
Decrease (Increase) in other working capital items	1,964.6	(1,142.0)	1,306.2
Increase in long-term debt	1,074.1	3,177.1	2,497.4
Issuances of common stocks, less repurchases of preferred stocks	602.2	212.0	353.5
Other—net	2,013.9	772.8	1,459.2
Total	13,820.9	12,515.2	11,205.3
Use of Funds			
Cash dividends paid to stockholders (Note 13)	1,523.7	892.2	750.2
Expenditures for real estate, plants and equipment	3,595.1	1,923.0	3,611.1
Expenditures for special tools	2,452.1	2,083.7	2,601.0
Intangible assets acquired in acquisition of EDS (Note 1)	2,006.3	–	–
Decrease in long-term debt	1,793.9	4,491.9	1,846.5
Investments in nonconsolidated subsidiaries and associates	99.3	33.7	591.0
Total	11,470.4	9,424.5	9,399.8
Increase in cash and marketable securities	2,350.5	3,090.7	1,805.5
Cash and marketable securities at beginning of the year	6,216.9	3,126.2	1,320.7
Cash and marketable securities at end of the year	$ 8,567.4	$ 6,216.9	$ 3,126.2
Decrease (Increase) in Other Working Capital Items by Element			
Accounts and notes receivable	($ 393.7)	($ 4,099.7)	$ 778.8
Inventories	(738.2)	(437.3)	1,038.5
Prepaid expenses and deferred income taxes	568.9	871.0	(341.1)
Accounts payable	101.2	1,041.6	(99.0)
Loans payable	1,830.8	72.7	(545.3)
United States, foreign and other income taxes payable	416.6	131.5	(461.4)
Accrued liabilities	179.0	1,278.2	935.7
Decrease (Increase) in other working capital items	$ 1,964.6	($ 1,142.0)	$ 1,306.2

Reference should be made to notes on pages 23 through 30.
Certain amounts for 1983 and 1982 have been reclassified to conform with 1984 classifications.

NOTE 1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and all domestic and foreign subsidiaries which are more than 50% owned and engaged principally in manufacturing or wholesale marketing of General Motors products and in computer services. General Motors' share of earnings or losses of nonconsolidated subsidiaries and of associates in which at least 20% of the voting securities is owned is included in consolidated income under the equity method of accounting.

Income Taxes

Investment tax credits are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, vehicle instalment sales, and benefit plans expense) are deferred. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' undistributed earnings less those deemed to be permanently reinvested. Possible taxes beyond those provided would not be material.

Inventories

Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories was determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Corporation for such inventories, it is estimated they would be $2,183.0 million higher at December 31, 1984, compared with $2,038.6 million higher at December 31, 1983. As a result of decreases in unit sales and actions taken to reduce inventories, certain LIFO inventory quantities carried at lower costs prevailing in prior years, as compared with the costs of current purchases, were liquidated in 1982. These inventory adjustments favorably affected income before income taxes by approximately $305.0 million in 1982. The cost of inventories outside the United States was determined generally by the FIFO or the average cost method.

Major Classes of Inventories

(Dollars in Millions)	1984	1983
Productive material, work in process and supplies	$5,264.2	$4,202.2
Finished product, service parts, etc.	2,095.5	2,419.3
Total	$7,359.7	$6,621.5

Depreciation and Amortization

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property.

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

Pension Program

The Corporation and its subsidiaries have several pension plans covering substantially all of their employes. Benefits under the plans are generally related to an employe's length of service, wages and salaries, and, where applicable, contributions. The costs of these plans are determined on the basis of actuarial cost methods and include amortization of prior service cost over periods not in excess of 30 years from the later of October 1, 1979 or the date such costs are established. With the exception of certain Canadian and overseas subsidiaries, pension costs accrued are funded within the limitations set by the Employee Retirement Income Security Act.

Product Related Expenses

Expenditures for advertising and sales promotion and for other product related expenses are charged to costs and expenses as incurred; provisions for estimated costs related to product warranty are made at the time the products are sold. Expenditures for research and development are charged to expenses as incurred and amounted to $3,075.8 million in 1984, $2,602.2 million in 1983 and $2,175.1 million in 1982.

Interest Cost

Total interest cost incurred in 1984, 1983 and 1982 amounted to $932.5 million, $1,401.8 million and $1,544.6 million, respectively, of which $23.3 million, $49.1 million and $129.2 million related to certain real estate, plants and equipment acquired in those years was capitalized.

Foreign Currency Translation

As required by the Financial Accounting Standards Board, effective January 1, 1983, the Corporation implemented Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. Under SFAS No. 52, all assets and liabilities of operations outside the United States, except for operations in highly inflationary economies (principally in Latin America) or those that are highly integrated with operations of the Corporation (principally in Canada), are translated into U.S. dollars using current exchange rates, and the effects of foreign currency translation adjustments are deferred and included as a component of stockholders' equity. For operations in highly inflationary economies or that are highly integrated, foreign currency translation adjustments are included in income. The effect of adopting SFAS No. 52 was to reduce net income for 1983 by about $422.5 million ($1.35 per share of $1-2/3 par value common stock). The financial statements for 1982 have not been restated for this change. Exchange and translation gains (losses) included in net income in 1984, 1983 and 1982 amounted to ($114.8) million, ($52.3) million and $348.4 million, respectively.

Acquisition

On October 18, 1984, the Corporation acquired Electronic Data Systems Corporation (EDS) and its subsidiaries, whose activities include the design of large-scale data processing systems and the operation of data centers and communications networks, for $2,501.9 million. The acquisition was consummated through an offer to exchange EDS common stock for either (a) $44 in cash or (b) $35.20 in cash plus two-tenths of a share of Class E common stock plus a nontransferable contingent promissory note issued by GM. Certain EDS stockholders elected to receive fluctuating rate GM notes due in 1985 in lieu of cash. The nontransferable contingent promissory note is payable seven years after closing in an amount equal to .2 times the excess of $125 over the market price of the Class E common stock at the maturity date of the note. Holders may tender their notes for prepayment at discounted amounts beginning five years after closing. If the market price of Class E common stock at the maturity date of the notes were to equal the market price at December 31, 1984, $42.00 a share, the aggregate contingent consideration would be $940 million.

The acquisition has been accounted for as a purchase. The purchase price exceeded the net book value of EDS by $2,179.5 million. This amount relates primarily to existing customer contracts, $1,069.9 million, computer software programs developed by EDS, $646.2 million, and other intangible assets, $164.0 million. The cost assigned to these assets, $1,880.1 million, is being amortized on a straight-line basis over five years for computer software programs, about seven years for customer contracts and varying years for the remainder, with the amortization applied directly to the asset account. The cost assigned to goodwill, $126.2 million, is being amortized on a straight-line basis over ten years, with the amortization applied directly to the asset account. Amortization of goodwill amounted to $2.6 million in 1984.

The Statement of Consolidated Income includes the operations of EDS since October 18, 1984. The effect of the acqusition on the 1984 consolidated net income of GM is a net charge of $26.1 million, consisting of the Separate Consolidated Net Income of EDS (see Note 8) less the amortization of the intangible and other assets arising from the acquisition and the elimination of intercompany transactions. For the purpose of determining earnings per share and amounts available for dividends on common stocks, the amortization of these assets is charged against earnings attributable to $1-2/3 par value common stock. Earnings per share of $1-2/3 par value common stock would have been reduced by $0.66 in 1984 and $0.83 in 1983 if the acquisition had been consummated at the beginning of those years.

NOTE 2. Net Sales and Revenues

Net sales and revenues includes sales to:

(Dollars in Millions)	1984	1983	1982
Nonconsolidated subsidiaries and associates	$ 121.6	$ 111.2	$ 96.3
Dealerships operating under dealership assistance plans	$1,917.4	$1,634.3	$1,253.7

Unrealized intercompany profits on sales to nonconsolidated subsidiaries and to associates are deferred.

NOTE 3. General Motors Incentive Program

The Incentive Program consists of the General Motors Bonus Plan, the General Motors Stock Option Plans and the General Motors Performance Achievement Plan. The By-Laws provide that the Plans in which directors or officers of the Corporation may participate shall be presented for action at a stockholders' meeting at least once in every five years. The Program was last approved by stockholders at the 1982 Annual Meeting, while amendments to the Stock Option Plans were approved at the 1984 Annual Meeting.

The Corporation maintains a reserve for purposes of the Bonus Plan. Under the current Plan provisions, for any year a maximum credit may be made to the reserve equal to the amount which the independent public accountants of the Corporation determine to be 8% of the net earnings which exceed $1 billion, but not in excess of the amount paid out as dividends on the $1-2/3 par value common stock during the year. The Bonus and Salary Committee may, at its discretion, direct that for any year an amount less than the maximum amount available under the formula be credited. Further, the Committee may, but is not obligated to, award as bonus in any year the full amount available in the reserve for such awards, or it may award less than the amount available. Bonus awards under the Bonus Plan and such other amounts arising out of the operation of the Bonus Plan as the Committee may determine are charged to the reserve.

The Bonus and Salary Committee has determined to limit the credit for 1984 to the reserve to $269.2 million. The credit so determined was $35.0 million less than the maximum which could have been credited to the reserve under the Bonus Plan approved by stockholders in 1982 and, as required by the Bonus Plan, less than the amount distributed as dividends to holders of GM $1-2/3 par value common stock in 1984. On February 4, 1985, the Committee granted awards to 5,804 employes of $224.1 million. These awards consisted of 1,564,870 shares of GM $1-2/3 par value common stock valued at an average of $70.69 per share for award purposes in accordance with the Bonus Plan, and $113.5 million in cash. A balance of $45.1 million is available in the reserve for future awards. A credit of $180.0 million was made to the Bonus Plan reserve in 1983, substantially all of which was awarded to participants for that year. No credit or awards were made for 1982, 1981, and 1980.

In 1982, the Committee established performance achievement levels for the initial three-year phase-in period ending in 1984 and for the first five-year period ending in 1986 under the Performance Achievement Plan approved by stockholders in 1982. In 1984, the Committee established performance achievement levels for a new five-year period ending in 1988. Under the Plan, the annual average of the aggregate final awards relating to the aggregate target awards granted in the years 1982 through 1986 shall not exceed $60 million. Payment of these awards is contingent upon achievement of earnings in relation to average worldwide industry sales volume targets over the term of the performance period related to each grant. In the future, it is anticipated that new grants will be made every two years. Employes selected to participate in the Plan are granted target awards payable in cash and/or $1-2/3 par value common stock which are, in general, expressed as a percentage of the participant's salary at the beginning of the performance period. Accruals of $12.3 million and $20.9 million were made in 1984 to recognize progress toward achieving the three-year and five-year earnings targets, respectively, through 1984. Awards for the 1982-1984 grant will be paid in cash in early 1985. The awards for the 1982-1986 and 1984-1988 periods will not be paid until 1987 and 1989, respectively, with the ultimate amounts dependent on actual performance. Accruals of $15.5 million and $11.0 million were made for the 1982-1984 and 1982-1986 performance periods in 1983. There was no accrual in 1982 for the Plan.

Under the provisions of the Bonus Plan, participants receive their awards in instalments in as many as three years. Performance Achievement Plan awards are to be paid as soon as is practicable following completion of the performance period. If participants in the Plans fail to meet conditions precedent to receiving undelivered instalments of bonus and performance achievement awards (and contingent credits related to the Stock Option Plan prior to 1977), the amount of any such instalments is credited to income.

On April 2, 1984, the Committee granted Stock Appreciation Rights (SARs) on outstanding nonqualified stock options under the 1977 and 1982 Plans to certain officers of the Corporation, subject to stockholder approval of the proposed SAR amendments to the 1977 and 1982 Plans. Such approval was received at the May 25, 1984 Annual Meeting of Stockholders. On October 1, 1984, the Committee granted SARs to certain officers of the Corporation in conjunction with the incentive and nonqualified stock options granted on that day. SARs provide officers with the right to receive payment equal in value to the appreciation in the Corporation's $1-2/3 par value common stock over the option exercise price of the shares so granted. Such payment would be made in lieu of the related option's exercise, with the corresponding option shares cancelled and not available for regrant under the Plan. SARs are exercisable at such time as determined by the Committee, but only upon surrender of the related option and only to the extent that the related option is exercisable. SARs expire no later than the date of the underlying option, are not transferable under any circumstances and may be exercised only when the market value of the stock subject to the related option exceeds the applicable option price.

The utilization of SARs requires an expense accrual each year for the appreciation on the rights expected to be exercised. The amount of such accrual is dependent upon the extent to which such rights are granted and the amount, if any, by which the fair market value of General Motors $1-2/3 par value common stock exceeds the option price provided for in the related options. An accrual of $13.9 million was made for SARs in 1984.

Changes during 1982, 1983 and 1984 in the status of options granted under the Stock Option Plans are shown in the table below. The option prices are 100% of the average of the highest and lowest sales prices of GM $1-2/3 par value common stock on the dates the options were granted as reported (1) on the New York Stock Exchange for options granted prior to 1976, and (2) on the Composite Tape of transactions on all major exchanges and nonexchange markets in the U.S. for options granted in 1976 and subsequent years. Incentive stock options expire ten years from date of grant. Nonqualified stock options granted prior to 1982 expire ten years from date of grant and nonqualified stock options granted in 1982 and thereafter expire ten years and two days from date of grant. Options are subject to earlier termination under certain conditions.

	Years Granted	Option Prices	Shares Under Option
Outstanding at Jan. 1, 1982	1973-1981	$50.00-$73.38	1,807,673
Granted:	March 1982	38.25	897,150
	Oct. 1982	46.50	740,420
Exercised	1980-1981	50.00-53.25	(1,635)
Terminated	1973-1982		(191,469)
Outstanding at Dec. 31, 1982			3,252,139
Granted	1983	72.88	586,820
Exercised	1974-1982	38.25-66.57	(627,318)
Terminated	1973-1983		(111,347)
Outstanding at Dec. 31, 1983			3,100,294
Granted	1984	77.19	615,355
Exercised: Options	1974-1983	38.25-72.88	(794,828)
SARs	1984	38.25-72.88	(231,539)
Terminated	1974-1983		(48,039)
Outstanding at Dec. 31, 1984			2,641,243

(continued)

NOTE 3. (concluded)

The Corporation intends to deliver newly issued $1-2/3 par value common stock upon the exercise of any of the stock options. The maximum number of shares for which additional options might be granted under the Plans was 931,405 at January 1, 1982, 6,760,945 at December 31, 1982, 6,195,185 at December 31, 1983, and 5,595,283 at December 31, 1984. Options outstanding at December 31, 1984 consisted of:

	Years Granted	Option Prices	Shares Under Option
1972 Plan	1976	$65.19	37,722
1977 Plan	1977	66.57	138,185
	1978	63.75	158,346
	1979	59.50	175,245
	1980	53.25	195,001
	1981	50.00	186,728
	1982	38.25	202,647
1982 Plan	1982	46.50	376,812
	1983	72.88	555,202
	1984	77.19	615,355
Total $1-2/3 Par Value Shares Under Option			2,641,243

On December 3, 1984, the Committee approved, subject to a favorable Internal Revenue Service ruling, adjustment of the number and the exercise prices of shares under option to reflect the $1.90 value per share of the December 1984 dividend of Class E common stock. The adjustment will have the effect of increasing the number of $1-2/3 par value common shares under option on the record date for receipt of the dividend by about 70,000 shares and reducing the related option prices.

Common stocks held for the Incentive Program are stated substantially at cost and used exclusively for payment of Program liabilities.

(Dollars in Millions)	1984		1983	
	Shares	Amount	Shares	Amount
Bal. at Jan. 1	828,273	$ 56.3	592,207	$35.2
Acquired: $1-2/3	1,869,391	133.1	594,680	42.6
Class E	19,134	.7	—	—
Delivered	(663,238)	(45.9)	(358,614)	(21.5)
Bal. at Dec. 31: $1-2/3	2,034,426	143.5	828,273	56.3
Class E	19,134	.7	—	—
Total	2,053,560	$144.2	828,273	$56.3

NOTE 4. EDS Incentive Plan

At its meeting on December 3, 1984, the Board of Directors approved and adopted the 1984 Electronic Data Systems Corporation Stock Incentive Plan in accordance with stockholder approval obtained as part of the consent of stockholders to the Amendment Proposal concerning GM's acquisition of EDS. The Stock Incentive Plan is designed to provide officers and key employes of EDS with incentive for individual creativity and contribution to ensure the future growth of EDS. Under this Plan, which covers up to 20 million shares of Class E common stock during the ten-year life of the Plan, shares, rights or options to acquire shares, which may be subject to restrictions, may be granted or sold. The Class E common stock shares granted and sold under the 1984 Plan vest over a ten-year period from the date of grant.

With regard to the unvested shares under the EDS 1977 Stock Incentive Plan, as a part of the acquisition agreement the 2,270,160 unvested shares of EDS common stock issued under the 1977 Plan were converted at the date of the acquisition into an equal number of unvested shares of Class E common stock.

The EDS employe who holds unvested shares under the 1977 Plan received a guarantee from GM to make a deferred compensation payment under certain conditions. This payment is intended to provide the employe with the same after Federal income tax proceeds that would have been realized after seven years if he had received an amount equal to the product of (a) the excess of $125.00 over the then average market price per share of Class E common stock and (b) one-half of the number of unvested shares of Class E common stock received by the employe, and had been eligible for long-term capital gain treatment.

NOTE 5. Other Income Less Income Deductions

(Dollars in Millions)	1984	1983	1982
Other income: Interest	$1,466.8	$719.5	$483.6
Other*	302.4	161.7	174.5
Income deductions	(55.7)	(65.4)	(181.8)
Net	$1,713.5	$815.8	$476.3

*Includes gains of $13.9 million in 1983 and $48.7 million in 1982 from early retirements of long-term debt.

NOTE 6. Pension Program and Postemployment Benefits

Total pension expense of the Corporation and its consolidated subsidiaries amounted to $1,618.4 million in 1984, $1,714.2 million in 1983 and $1,565.9 million in 1982. For purposes of determining pension expense, the Corporation uses a variety of assumed rates of return on pension funds in accordance with local practice and regulations, which rates approximate 7%. The following table compares accumulated plan benefits and plan net assets for the Corporation's defined benefit plans in the United States as of October 1 (the plans' anniversary date) of both 1984 and 1983:

(Dollars in Millions)	1984	1983
Actuarial present value of accumulated plan benefits:		
Vested	$20,216.2	$18,239.5
Nonvested	1,814.2	3,159.9
Total	$22,030.4	$21,399.4
Net assets available for benefits:		
Trustees	$16,245.5	$14,817.8
Insurance companies	3,211.8	3,310.2
Total	$19,457.3	$18,128.0

The assumed rates of return used in determining the actuarial present value of accumulated plan benefits shown in the table above were based upon those published by the Pension Benefit Guaranty Corporation, a public corporation established under the Employee Retirement Income Security Act (ERISA), adjusted in 1984 to reflect a fixed income management technique under which an immunized rate is being earned on certain pension fund assets. Such rates averaged approximately 10¼% for 1984 and approximately 9% for 1983. The effect of the 1984 immunized rate adjustment was to reduce the unfunded liability by $663.5 million in 1984.

The pension plans of subsidiaries outside the United States are not required to report to governmental agencies pursuant to ERISA and the actuarial value of accumulated benefits for these plans has not been determined in the manner calculated and shown above. The total of these plans' pension funds and balance sheet accruals, less pension prepayments and deferred charges, exceeded the actuarially computed value of vested benefits by approximately $340 million at December 31, 1984 and $497 million at December 31, 1983.

In addition to providing pension benefits, the Corporation and its subsidiaries provide certain health care and life insurance benefits for retired employes. Substantially all of the Corporation's employes, including employes in some foreign countries, may become eligible for those benefits if they reach normal retirement age while working for the Corporation. The Corporation recognizes the cost of providing those benefits by expensing annual insurance premiums, which amounted to $798 million in 1984 for United States retirees.

NOTE 7. United States, Foreign and Other Income Taxes (Credit)

(Dollars in Millions)	1984	1983	1982
Taxes estimated to be payable (refundable) currently:			
United States Federal	$1,151.7	$ 254.4	($168.6)
Foreign	662.5	146.0	98.6
State and local	140.1	126.0	(8.1)
Total	1,954.3	526.4	(78.1)
Taxes deferred—net:			
United States Federal	8.3	1,241.3	(146.3)
Foreign	(170.6)	192.7	(35.0)
State and local	32.1	142.0	(40.4)
Total	(130.2)	1,576.0	(221.7)
Investment tax credits deferred—net:			
United States Federal	(15.1)	47.7	85.3
Foreign	(3.9)	73.7	(37.7)
Total	(19.0)	121.4	47.6
Total taxes (credit)	$1,805.1	$2,223.8	($252.2)

Investment tax credits entering into the determination of taxes estimated to be payable (refundable) currently amounted to $311.6 million in 1984, $406.2 million in 1983 and $403.0 million in 1982.

The deferred taxes (credit) for timing differences consisted principally of the following: 1984—$762.6 million for benefit plans expense, ($305.5) million for sales and product allowances, $387.6 million for vehicle instalment sales; ($240.3) million for interest; ($125.1) million for pollution control bonds; and ($435.7) million for the domestic international sales corporation (DISC); 1983—$519.2 million for benefit plans expense, ($438.0) million for sales and product allowances, $379.5 million for vehicle instalment sales and $707.5 million for depreciation; and 1982—($164.0) million for benefit plans expense, ($172.0) million for sales and product allowances and $275.0 million for depreciation.

Income before income taxes included the following components:

(Dollars in Millions)	1984	1983	1982
Domestic income	$4,513.6	$4,387.6	$170.4
Foreign income (loss)	990.7	583.9	(147.6)
Total	$5,504.3	$4,971.5	$ 22.8

The consolidated income tax (credit) was different than the amount computed at the United States statutory income tax rate for the reasons set forth in the table at the top of the next column.

(Dollars in Millions)	1984	1983	1982
Expected tax at U.S. statutory income tax rate	$2,532.0	$2,286.9	$ 10.5
Investment tax credits amortized	(330.6)	(284.8)	(355.4)
Foreign tax rate differential	135.9	43.9	131.3
State and local income taxes	93.0	144.7	(26.2)
Deferred income tax reversal on the DISC	(421.3)	—	—
Taxes on undistributed earnings of subsidiaries	(112.2)	54.4	(4.7)
Other adjustments	(91.7)	(21.3)	(7.7)
Consolidated income tax (credit)	$1,805.1	$2,223.8	($252.2)

NOTE 8. Earnings and Cash Dividends Per Share of Common Stocks

Earnings per share of common stocks have been determined using the "two-class" method. Under that method, earnings per share have been determined based on the relative rights of $1-2/3 par value common and Class E common stocks to participate in dividends. Cash dividends on the Class E common stock are to be paid out of the earnings of EDS and its subsidiaries since acquisition by GM, excluding the effects of purchase accounting adjustments arising from the acquisition (Separate Consolidated Net Income of EDS). Cash dividends on the $1-2/3 par value common stock are to be paid out of the earnings of GM and its subsidiaries, excluding the earnings of EDS and its subsidiaries since acquisition by GM as defined above. At December 31, 1984, consolidated net income retained for use in the business attributable to Class E common stock and $1-2/3 par value common stock was $17.5 million and $20,779.1 million, respectively.

The current policy of the Board of Directors is to pay cash dividends on the Class E common stock approximately equal to 25% of the quotient of (a) the Separate Consolidated Net Income of EDS, divided by (b) the greater of 60,000,000 or the number of shares of Class E common stock outstanding. The Board has also adopted the policy that cash dividends per share of Class E common stock for the first four quarters following the acquisition of EDS will equal at least $0.09 per share per quarter. The cash dividend for the period from acquisition of EDS through December 31, 1984 amounted to $0.09 per share.

Earnings per share of common stocks are based on the average number of shares outstanding during each year. The effect on earnings per share of $1-2/3 par value common stock resulting from the assumed exercise of outstanding options and delivery of bonus awards and contingent credits under the General Motors Incentive Program is not material.

NOTE 9. General Motors Acceptance Corporation and Subsidiaries

Condensed Consolidated Balance Sheet (Dollars in Millions)	1984	1983
Cash and investments in securities	$ 2,100.1	$ 2,002.6
Finance receivables—net (including GM and affiliates—$300.0 in 1984 and 1983)	50,051.5	48,124.4
Other assets	2,273.8	1,271.0
Total Assets	$54,425.4	$51,398.0
Short-term debt	$27,629.5	$26,257.9
Accounts payable and other liabilities (including GM and affiliates—$3,868.5 and $3,560.7)	6,913.7	6,216.6
Long-term debt	15,715.5	14,798.1
Stockholder's equity	4,166.7	4,125.4
Total Liabilities and Stockholder's Equity	$54,425.4	$51,398.0

Condensed Statement of Consolidated Income (Dollars in Millions)	1984	1983	1982
Gross Revenue	$8,098.6	$7,391.1	$7,255.4
Interest and discount	4,772.4	4,099.1	4,482.1
Other expenses	2,541.4	2,290.0	2,085.3
Total Expenses	7,313.8	6,389.1	6,567.4
Net Income	$ 784.8	$1,002.0	$ 688.0

NOTE 10. Real Estate, Plants and Equipment and Accumulated Depreciation

(Dollars in Millions)	1984	1983
Real estate, plants and equipment (Note 12):		
Land	$ 414.9	$ 347.2
Land improvements	1,170.0	1,145.1
Leasehold improvements—less amortization	59.7	47.1
Buildings	8,162.6	8,010.2
Machinery and equipment	26,269.9	25,669.1
Furniture and office equipment	752.5	469.0
Capitalized leases	814.6	754.7
Construction in progress	1,709.9	1,335.4
Total	$39,354.1	$37,777.8
Accumulated depreciation:		
Land improvements	$ 665.5	$ 628.3
Buildings	4,120.3	3,937.0
Machinery and equipment	16,207.9	15,057.8
Furniture and office equipment	289.8	196.4
Capitalized leases	366.3	297.3
Total	$21,649.8	$20,116.8

NOTE 11. Accrued Liabilities

(Dollars in Millions)	1984	1983
Taxes, other than income taxes	$ 990.0	$1,016.5
Payrolls	1,764.3	1,633.5
Employe benefits	630.4	1,297.2
Dealer and customer allowances, claims, discounts, etc.	3,896.7	3,589.8
Other	1,706.8	1,272.2
Total	$8,988.2	$8,809.2

NOTE 12. Long-Term Debt

(Dollars in Millions)	Interest Rate	Maturity	1984	1983
GM:				
U.S. dollars:				
Notes	8.05 %		$ —	$ 300.0
Notes	10.00	1986	50.0	125.0
Notes	12.20	1986-88	200.0	200.0
Notes	10.00	1991	250.0	250.0
Debentures	8.625	2005	102.4	102.4
Other	5.23	1986-2001	69.1	80.1
Other currencies	7.44	1986-87	17.7	19.9
Consolidated subsidiaries:				
U.S. dollars	11.24	1986-2006	960.6	1,005.7
Spanish pesetas	12.74	1986-90	527.8	597.9
German marks	6.01	1986-96	143.5	106.0
Australian dollars	13.70	1986-89	27.3	177.1
Austrian schillings	7.10	1986-88	17.6	132.9
Other currencies	Various	1986-2004	155.3	149.2
Total			2,521.3	3,246.2
Less unamortized discount (principally on 10% notes due 1991)			103.9	109.0
Total			$2,417.4	$3,137.2

At year-end 1984, the Corporation and its consolidated subsidiaries had unused short-term credit lines of approximately $2.4 billion and unused long-term credit agreements of approximately $1.4 billion. Long-term debt at December 31, 1984 and 1983 included approximately $624 million and $883 million, respectively, of short-term obligations which are intended to be renewed or refinanced under long-term credit agreements. Long-term debt (including current portion) bore interest at a weighted average rate of approximately 12.3% at December 31, 1984 and 11.8% at December 31, 1983.

In 1981, the Corporation and a subsidiary arranged a private financing of $500 million in 10% notes due 1991. The difference between the 10% stated interest rate and the 14.7% effective rate reflects the discount which is being amortized over the lives of the notes. An option to acquire certain real estate in 1991 was also granted. The option holder may deliver the notes in payment for the real estate.

Under the sinking fund provisions of the trust indenture for the Corporation's 8⅝% Debentures due 2005, the Corporation is to make annual sinking fund payments of $3.0 million in 2002 and $11.8 million in each of the years 2003 and 2004.

Maturities of long-term debt in the years 1985 through 1989 are (in millions) $735.5 (included in loans payable at December 31, 1984), $674.2, $474.2, $218.5 and $97.8. Loans payable at December 31, 1983 included $423.4 million current portion of long-term debt.

NOTE 13. Stockholders' Equity

The preferred stock is subject to redemption at the option of the Board of Directors on any dividend date on not less than thirty days' notice at the redemption prices stated on the next page plus accrued dividends.

The Class E common stock has one-half vote per share and votes with the $1-2/3 par value common stock on all general Corporate matters. Liquidation rights are based on voting rights with each share of Class E common stock being treated as one-half of a share of $1-2/3 par value common stock.

After December 31, 1994, the Board of Directors may exchange $1-2/3 par value common for Class E common stock if the Board has declared and paid certain minimum cash dividends on the Class E common stock during each of the five years preceding the exchange. If GM should sell, liquidate, or otherwise dispose of EDS, the Corporation will be required to exchange $1-2/3 par value common for Class E common stock. In the event of any exchange, the Class E common stockholders will receive $1-2/3 par value common stock having a market value at the time of the exchange equal to 120% of the market value of the Class E common stock exchanged.

The Certificate of Incorporation provides that no cash dividends may be paid on the $1-2/3 par value common stock, Class E common stock or any series of preference stock so long as current assets (excluding prepaid expenses) in excess of current liabilities of the Corporation are less than $75 per share of outstanding preferred stock. Such current assets (with inventories calculated on the FIFO basis) in excess of current liabilities were greater than $75 in respect of each share of outstanding preferred stock at December 31, 1984.

The equity of the Corporation and its consolidated subsidiaries in the accumulated net income or loss, since acquisition, of associates has been included in net income retained for use in the business.

(continued)

NOTE 13. (concluded)

(Dollars in Millions Except Per Share Amounts)	1984	1983	1982
Capital Stock:			
Preferred Stock, without par value, cumulative dividends (authorized, 6,000,000 shares):			
$5.00 series, stated value $100 per share, redeemable at Corporation option at $120 per share:			
Issued at beginning of the year (1,875,366 shares); in treasury (39,722 shares)	$ 183.6	$ 183.6	$ 183.6
Reacquired on the open market (137,350 shares)	13.8	–	–
Outstanding at end of the year (1,698,294 shares in 1984)	169.8	183.6	183.6
$3.75 series, stated value $100 per share, redeemable at Corporation option at $100 per share:			
Issued at beginning of the year (1,000,000 shares)	100.0	100.0	100.0
Reacquired on the open market (142,000 shares)	14.2	–	–
Outstanding at end of the year (858,000 shares in 1984)	85.8	100.0	100.0
Preference Stock, $0.10 par value (authorized, 100,000,000 shares in 1984), no shares issued	–	–	–
Class E Common Stock, $0.10 par value (authorized, 190,000,000 shares in 1984):			
Issued in the acquisition of EDS (11,371,268 shares)	1.1	–	–
Issued in conjunction with the EDS 1977 Stock Incentive Plan (2,270,160 shares) (Note 4)	.2	–	–
Issued to $1-2/3 par value common stockholders as a dividend (15,440,954 shares)	1.6	–	–
Issued at end of the year (29,082,382 shares in 1984)	2.9	–	–
Common Stock, $1-2/3 par value (authorized, 1,000,000,000 shares):			
Issued at beginning of the year (315,711,299 shares in 1984, 312,363,657 in 1983 and 304,804,228 in 1982)	526.2	520.6	508.0
Newly issued stock used for bonus deliveries, sold under provisions of the Stock Option Plans, Employe Stock Ownership Plans, Savings-Stock Purchase Programs and the Dividend Reinvestment Plan (1,792,834 shares in 1984, 3,029,593 in 1983 and 6,459,429 in 1982) and exchanged for long-term debt (318,049 shares in 1983 and 1,100,000 in 1982)	3.0	5.6	12.6
Issued at end of the year (317,504,133 shares in 1984, 315,711,299 in 1983 and 312,363,657 in 1982)	529.2	526.2	520.6
Total capital stock at end of the year	787.7	809.8	804.2
Capital Surplus (principally additional paid-in capital):			
Balance at beginning of the year	2,136.8	1,930.4	1,589.5
Stated value in excess of repurchase price of preferred stock reacquired in open market transactions	16.2	–	–
Amounts in excess of par value of Class E common stock issued in the acquisition of EDS	499.2	–	–
Amounts in excess of par value of Class E common stock issued as a dividend	585.1	–	–
Proceeds in excess of par value of newly issued $1-2/3 par value common stock used for bonus deliveries, sold under provisions of the Stock Option Plans, Employe Stock Ownership Plans, Savings-Stock Purchase Programs and the Dividend Reinvestment Plan and, in 1983 and 1982, exchanged for long-term debt	110.5	206.4	340.9
Balance at end of the year	3,347.8	2,136.8	1,930.4
Net Income Retained for Use in the Business:			
Balance at beginning of the year	18,390.5	15,552.5	15,340.0
Net income	4,516.5	3,730.2	962.7
Total	22,907.0	19,282.7	16,302.7
Dividend of one Class E common share for each 20 shares of $1-2/3 par value common	586.7	–	–
Cash dividends:			
Preferred stock, $5.00 series, $5.00 per share	8.9	9.2	9.2
Preferred stock, $3.75 series, $3.75 per share	3.6	3.7	3.7
Class E common stock, $0.09 per share in 1984	1.2	–	–
$1-2/3 par value common stock, $4.75 per share in 1984, $2.80 in 1983 and $2.40 in 1982	1,497.5	879.3	737.3
Cash payments in lieu of fractional shares of Class E common stock issued as a dividend	12.5	–	–
Total cash dividends	1,523.7	892.2	750.2
Balance at end of the year	20,796.6	18,390.5	15,552.5
Accumulated Foreign Currency Translation and Other Adjustments:			
Balance at beginning of the year:			
Accumulated foreign currency translation adjustments	(661.8)	(668.0)	–
Net unrealized gains on marketable equity securities	91.3	68.1	–
Changes during the year:			
Accumulated foreign currency translation adjustments	(127.7)	6.2	–
Net unrealized gains (losses) on marketable equity securities	(19.6)	23.2	–
Balance at end of the year	(717.8)	(570.5)	–
Total Stockholders' Equity	$24,214.3	$20,766.6	$18,287.1

NOTE 14. Segment Reporting

General Motors is a highly vertically-integrated business operating primarily in a single industry consisting of the manufacture, assembly and sale of automobiles, trucks and related parts and accessories classified as automotive products. Because of the high degree of integration, substantial interdivisional and intercompany transfers of materials and services are made. Consequently, any determination of income by area of operations or class of products is necessarily arbitrary because of the allocation and reallocation of costs, including Corporate costs, benefiting more than one division or product.

Substantially all of General Motors' products are marketed through retail dealers and through distributors and jobbers in the United States and Canada and through distributors and dealers overseas. To assist in the merchandising of General Motors' products, GMAC and its subsidiaries offer financial services and certain types of automobile insurance to dealers and customers.

Net sales and revenues, net income (loss), total and net assets and average number of employes in the U.S. and in locations outside the U.S. for 1984, 1983 and 1982 are summarized below. Net income (loss) is after provisions for deferred income taxes applicable to that portion of the undistributed earnings deemed to be not permanently invested, less available tax credits and deductions, and appropriate consolidating adjustments for the geographic areas set forth below. Interarea sales and revenues are made at negotiated selling prices.

1984	United States	Canada	Europe	Latin America	All Other	Total*
Net Sales and Revenues:			(Dollars in Millions)			
Outside	$69,355.6	$ 4,411.6	$6,735.7	$1,642.0	$1,745.0	$83,889.9
Interarea	7,276.5	8,170.0	242.2	823.6	401.7	—
Total net sales and revenues	$76,632.1	$12,581.6	$6,977.9	$2,465.6	$2,146.7	$83,889.9
Net Income (Loss)	$ 3,872.0	$ 762.2	($ 291.1)	$ 94.4	$ 61.5	$ 4,516.5
Total Assets	$41,692.7	$ 2,833.5	$4,425.7	$2,874.0	$ 932.0	$52,144.9
Net Assets	$22,149.7	$ 1,628.9	($ 439.2)	$1,016.7	$ 41.7	$24,214.3
Average Number of Employes (in thousands)	511	41	122	49	25	748
1983						
Net Sales:						
Outside	$59,668.7	$ 3,866.4	$7,761.7	$1,742.7	$1,542.1	$74,581.6
Interarea	6,493.4	7,366.0	208.6	653.1	295.4	—
Total net sales	$66,162.1	$11,232.4	$7,970.3	$2,395.8	$1,837.5	$74,581.6
Net Income (Loss)	$ 3,469.0	$ 592.3	($ 228.3)	($ 15.0)	($ 91.1)	$ 3,730.2
Total Assets	$34,670.4	$ 2,385.5	$5,379.1	$2,834.3	$ 813.9	$45,694.5
Net Assets	$18,749.3	$ 1,332.9	($ 120.5)	$ 919.6	$ 8.9	$20,766.6
Average Number of Employes (in thousands)	463	39	123	41	25	691
1982						
Net Sales:						
Outside	$45,650.1	$ 2,621.9	$7,150.5	$2,699.5	$1,903.6	$60,025.6
Interarea	4,673.8	5,350.7	234.3	310.2	192.9	—
Total net sales	$50,323.9	$ 7,972.6	$7,384.8	$3,009.7	$2,096.5	$60,025.6
Net Income (Loss)	$ 1,079.3	($ 33.5)	$ 6.2	($ 16.5)	($ 63.2)	$ 962.7
Total Assets	$29,227.4	$ 2,299.0	$5,952.3	$2,973.3	$1,063.5	$41,397.8
Net Assets	$15,756.0	$ 774.7	$ 803.3	$ 894.3	$ 170.7	$18,287.1
Average Number of Employes (in thousands)	441	34	114	38	30	657

*After elimination of interarea transactions.

NOTE 15. Profit Sharing Plans

Profit Sharing Plans were established, effective January 1, 1983, under which eligible United States hourly and salaried employes will share in the success of the Corporation's U.S. operations. Under the Plans' provisions, 10% of profits, as defined, will be shared when the Corporation's U.S. income before income taxes plus equity in U.S. earnings of nonconsolidated subsidiaries (principally GMAC) exceeds 10% of the net worth of U.S. operations plus 5% of the difference between total assets of U.S. operations and net worth of U.S. operations. Amounts applicable to subsidiaries incorporated in the U.S. that are operating outside of the U.S., as well as amounts applicable to associates, are excluded from the calculation. Ten percent of the profits in excess of the minimum annual return, less a diversion for the Guaranteed Income Stream Benefit Program and Income Protection Plan, will be distributed to eligible U.S. employes by March 31 following the year earned. $322.2 million was accrued for profit sharing in 1983. The calculation of the profit sharing accrual for 1984 is shown on the next page.

(continued)

NOTE 15. (concluded)

(Dollars in Millions)					1984
Minimum Annual Return	**January 1, 1984**	**December 31, 1984**	**Average**		
Total Assets in the U.S.	$34,670.4	$41,692.7			
Deduct assets of excluded subsidiaries and associates	1,329.8	2,018.5			
Total Assets of U.S. operations as defined in the Plans	$33,340.6	$39,674.2	$36,507.4		
Net Assets in the U.S.	$18,749.3	$22,149.7			
Deduct net assets of excluded subsidiaries and associates	1,143.6	1,609.3			
Net Worth of U.S. operations as defined in the Plans	$17,605.7	$20,540.4	19,073.0	X 10% =	$1,907.3
Other assets of U.S. operations			$17,434.4	X 5% =	871.7
Minimum Annual Return as defined in the Plans					$2,779.0
Profits as Defined in the Plans					
Net Income in the U.S.					$3,872.0
Add: Net loss of excluded subsidiaries and associates					24.7
Income taxes of U.S. operations					1,322.9
Provision for the General Motors Incentive Program applicable to U.S. operations					271.0
Profit sharing accrual					281.9
Profits as defined in the Plans					$5,772.5
Profit Sharing Accrual					
Profits as defined in the Plans			$5,772.5		
Deduct Minimum Annual Return as defined in the Plans			2,779.0		
Profits in excess of Minimum Annual Return			$2,993.5	X 10% =	$299.3
Deduct diversion for Guaranteed Income Stream Benefit Program and Income Protection Plan					17.4
Profit Sharing Accrual					$281.9

NOTE 16. Contingent Liabilities

There are various claims and pending actions against the Corporation and its subsidiaries with respect to commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, antitrust, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at December 31, 1984 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position of the Corporation and its consolidated subsidiaries.

ACCOUNTANTS' REPORT

Deloitte
Haskins+Sells

CERTIFIED PUBLIC ACCOUNTANTS

1114 Avenue of the Americas
New York, New York 10036

General Motors Corporation, its Directors and Stockholders:

February 4, 1985

We have examined the Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1984 and 1983 and the related Statements of Consolidated Income and Changes in Consolidated Financial Position for each of the three years in the period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1984 and 1983 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1983, with which we concur, in the method of accounting for foreign currency translation as described in Note 1 to the Financial Statements.

Deloitte Haskins & Sells

Selected Quarterly Data
(Dollars in Millions Except Per Share Amounts)

	1984 Quarters				1983 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Net sales and revenues	$22,886.4	$21,583.3	$18,542.6	$20,877.6	$16,743.8	$19,400.2	$17,619.3	$20,818.3
Operating income	2,424.7	1,546.8	306.9	421.6	692.9	1,775.2	866.0	2,174.3
Income before income taxes	2,487.4	1,786.5	526.0	704.4	518.5	1,655.7	738.7	2,058.6
United States, foreign and other income taxes	1,097.5	384.7	277.8	45.1	112.3	860.8	236.1	1,014.6
Income after income taxes	1,389.9	1,401.8	248.2	659.3	406.2	794.9	502.6	1,044.0
Equity in earnings of nonconsolidated subsidiaries and associates	224.1	207.0	168.6	217.6	246.9	248.5	234.3	252.8
Net income	1,614.0	1,608.8	416.8	876.9	653.1	1,043.4	736.9	1,296.8
Dividends on preferred stocks	3.2	3.2	3.1	3.0	3.2	3.3	3.2	3.2
Earnings on common stocks	$ 1,610.8	$ 1,605.6	$ 413.7	$ 873.9	$ 649.9	$ 1,040.1	$ 733.7	$ 1,293.6
Attributable to:								
$1-2/3 par value common stock	$ 1,610.8	$ 1,605.6	$ 413.7	$ 855.2	$ 649.9	$ 1,040.1	$ 733.7	$ 1,293.6
Class E common stock (issued in 1984)	—	—	—	$ 18.7	—	—	—	—
Average number of shares of common stocks outstanding (in millions):								
$1-2/3 par value common	315.2	315.5	315.3	315.3	312.4	313.5	314.7	314.8
Class E common (issued in 1984)	—	—	—	18.2	—	—	—	—
Earnings Per Share of Common Stocks:								
$1-2/3 par value common*	$5.11	$5.09	$1.31	$2.71	$2.08	$3.32	$2.33	$4.11
Class E common (issued in 1984)	—	—	—	$1.03	—	—	—	—
Cash dividends per share of common stocks:								
$1-2/3 par value common	$1.00	$1.25	$1.25	$1.25	$0.60	$0.60	$0.60	$1.00
Class E common (issued in 1984)	—	—	—	$0.09	—	—	—	—
Stock price range:								
$1-2/3 par value common**								
High	$80.50	$68.25	$80.25	$82.75	$65.75	$75.25	$77.50	$80.00
Low	$62.63	$61.00	$64.25	$73.38	$57.38	$56.00	$65.50	$72.00
Class E common (issued in 1984)***								
High	—	—	—	$42.50	—	—	—	—
Low	—	—	—	$33.00	—	—	—	—

*Includes favorable (unfavorable) effects on earnings per share of: an adjustment of income taxes of $1.34 in the 1984 second quarter reflecting a change in the provisions covering domestic international sales corporations (DISC) in accordance with the Deficit Reduction Act of 1984; and foreign exchange/translation activity [1984: first quarter—$0.24, second quarter—($0.23), third quarter—($0.45), fourth quarter—$0.24; 1983: first quarter—$0.51, second quarter—($0.45), third quarter—($0.12), fourth quarter—($0.11)].

**The principal market is the New York Stock Exchange and prices are based on the Composite Tape. $1-2/3 par value common stock is also listed on the Midwest, Pacific and Philadelphia stock exchanges. As of December 31, 1984, there were 943,831 holders of record of $1-2/3 par value common stock.

***The principal market is the New York Stock Exchange and prices are based on the Composite Tape. As of December 31, 1984, these were 623,210 holders of record of Class E common stock.

The effective income tax rate for the 1984 second quarter reflects the $421.3 million reversal of deferred income taxes related to DISC legislation; the rate for the third quarter reflects losses at overseas subsidiaries where no applicable tax credits were available; and the rate for the fourth quarter reflects higher investment tax credits due to increased capital expenditures and the effect of foreign tax credits on dividends declared by subsidiaries, applied to lower pretax earnings. The effective income tax rates for the 1983 quarters reflect the continuing high level of U.S. investment tax credits.

(continued)

Selected Financial Data
(Dollars in Millions Except Per Share Amounts)

	1984	1983	1982	1981	1980
Net sales and revenues	$83,889.9	$74,581.6	$60,025.6	$62,698.5	$57,728.5
Earnings (loss) on $1-2/3 par value common stock	$ 4,485.3	$ 3,717.3	$ 949.8	$ 320.5	($ 775.4)
Cash dividends on $1-2/3 par value common stock	1,510.0	879.3	737.3	717.6	861.2
Dividend of Class E common shares	586.7	—	—	—	—
Net income (loss) retained in the year	$ 2,388.6	$ 2,838.0	$ 212.5	($ 397.1)	($ 1,636.6)
Earnings (loss) on $1-2/3 par value common stock—per share	$14.22	$11.84	$3.09	$1.07	($2.65)
Cash dividends on $1-2/3 par value common stock—per share	4.75	2.80	2.40	2.40	2.95
Dividend of Class E common shares—per share	1.90	—	—	—	—
Net income (loss) retained in the year—per share	$ 7.57	$ 9.04	$0.69	($1.33)	($5.60)
Earnings on Class E common stock (issued in 1984)	$ 18.7	—	—	—	—
Cash dividends on Class E common stock (issued in 1984)	1.2	—	—	—	—
Net income retained in the year	$ 17.5	—	—	—	—
Earnings on Class E common stock—per share	$1.03	—	—	—	—
Cash dividends on Class E common stock—per share	0.09	—	—	—	—
Net income retained in the year—per share	$0.94	—	—	—	—
Average number of shares of common stocks outstanding (in millions):					
$1-2/3 par value common	315.3	313.9	307.4	299.1	292.4
Class E common (issued in 1984)	18.2	—	—	—	—
Cash dividends on capital stocks as a percent of net income	33.7%	23.9%	77.9%	219.1%	N.A.
Expenditures for real estate, plants and equipment	$ 3,595.1	$ 1,923.0	$ 3,611.1	$ 6,563.3	$ 5,160.5
Expenditures for special tools	$ 2,452.1	$ 2,083.7	$ 2,601.0	$ 3,178.1	$ 2,600.0
Cash and marketable securities	$ 8,567.4	$ 6,216.9	$ 3,126.2	$ 1,320.7	$ 3,715.2
Working capital	$ 6,276.7	$ 5,890.8	$ 1,658.1	$ 1,158.8	$ 3,212.1
Total assets	$52,144.9	$45,694.5	$41,397.8	$38,979.0	$34,581.0
Long-term debt and capitalized leases	$ 2,772.9	$ 3,521.8	$ 4,745.1	$ 4,044.0	$ 2,058.3

Financial data for years prior to 1983 have not been restated for the adoption of Statement of Financial Accounting Standards No. 52, Foreign Currency Translation.

EFFECTS OF INFLATION ON FINANCIAL DATA

The accompanying Schedules display the basic historical cost financial data adjusted for changes in specific prices (current cost) for use in the evaluation of comparative financial results.

One method by which to analyze the effects of inflation on financial data (and thus the business) is by adjusting the historical cost data to the current costs for the major balance sheet items which have been accumulated through the accounting system over a period of years and which thus reflect different prices for the same commodities and services.

The current cost of inventories was estimated based on costs in effect at December 31, 1984. Cost of sales for inventories maintained on a first-in, first-out basis was restated to a current cost basis using the specific level of prices at the time the goods were sold.

The current cost of property owned and the related depreciation and amortization expense for U.S. operations were calculated by applying (1) selected producer price indices to historical book values of machinery and equipment and (2) the Marshall Valuation Service index to buildings, and the use of assessed values for land. For locations outside the United States, such amounts were calculated generally by applying indices closely related to the assets being measured and translating the resulting amounts using year-end foreign currency exchange rates.

The purpose of this type of restatement is to furnish estimates of the effects of price increases for replacement of inventories and property on the potential future net income of the business and thus assess the probability of future cash flows. Although these data may be useful for this purpose, they do not reflect specific plans for the replacement of property. A more meaningful estimate of the effects of such costs on future earnings is the estimated level of future capital expenditures which is set forth on page 16 in the Financial Review: Management's Discussion and Analysis.

Under the current cost method, the net income of General Motors is lower (or the net loss is higher) than that determined under the historical cost method. This means that businesses, as well as individuals, are affected by inflation and that the purchasing power of business dollars also has declined. In addition, the costs of maintaining the productive capacity, as reflected in the current cost data (and estimate of future capital expenditures), have increased, and thus management must seek ways to cope with the effects of inflation through accounting methods such as the LIFO method of inventory valuation, which matches current costs with current revenues, and through accelerated methods of depreciation and amortization.

It must be emphasized that there is a continuing need for national monetary and fiscal policies designed to control inflation and to provide adequate capital for future business growth which, in turn, will mean increased productivity and employment.

Comparison of Selected Data Adjusted for Effects of Changing Prices

(Dollars in Millions Except Per Share Amounts)
Historical cost data adjusted for changes in specific prices (current cost):*

	1984	1983	1982	1981	1980
Net Income (Loss)—as reported	$ 4,516.5	$ 3,730.2	$ 962.7	$ 333.4	($ 762.5)
—in current cost 1967 dollars	1,403.1	1,144.0	71.7	(252.8)	(829.5)
Earnings (Loss) per share of $1-2/3 par value common stock					
—as reported	$14.22	$11.84	$3.09	$1.07	($2.65)
—in current cost 1967 dollars	4.42	3.63	0.22	(0.86)	(2.86)
Earnings per share of Class E common stock (issued in 1984)					
—as reported	$1.03	—	—	—	—
—in current cost 1967 dollars	0.33	—	—	—	—
Cash dividends per share of $1-2/3 par value common stock					
—as reported	$4.75	$2.80	$2.40	$2.40	$2.95
—in constant 1967 dollars	1.53	0.94	0.83	0.88	1.20
Cash dividends per share of Class E common stock (issued in 1984)					
—as reported	$0.09	—	—	—	—
—in constant 1967 dollars	0.03	—	—	—	—
Net assets at year-end—as reported	$24,214.3	$20,766.6	$18,287.1	$17,721.1	$17,814.6
—in current cost 1967 dollars	10,938.7	10,635.1	9,818.3	10,450.9	11,377.2
Accumulated foreign currency translation adjustments					
—as reported	($ 127.7)	($ 661.8)	—	—	—
—in current cost 1967 dollars	(51.8)	(129.8)	—	—	—
Unrealized gain from decline in purchasing power of dollars of net amounts owed	$ 50.5	$ 86.5	$ 130.5	$ 241.3	$ 182.3
Excess of increase in general price level over increase in specific prices of inventories and property	$ 320.8	$ 78.4	$ 861.2	$ 619.0	$ 689.2
Market price per $1-2/3 par value common share at year-end					
—unadjusted	$78.38	$74.38	$62.38	$38.50	$45.00
—in constant 1967 dollars	25.19	24.93	21.58	14.13	18.23
Market price per Class E common share at year-end (issued in 1984)					
—unadjusted	$42.38	—	—	—	—
—in constant 1967 dollars	13.62	—	—	—	—
Average Consumer Price Index	311.1	298.4	289.1	272.4	246.8

*Current cost data have been adjusted to 1967 dollars by applying the Consumer Price Index—Urban to the data with 1967 (CPI-100) as the base year. Depreciation has been determined on a straight-line basis for this calculation.

Schedule of Income Adjusted for Changing Prices

For the Year Ended December 31, 1984
(Dollars in Millions Except Per Share Amounts)

	As Reported in the Financial Statements (Historical Cost)	Adjusted for Changes in Specific Prices (1984 Current Cost)
Net Sales and Revenues	$83,889.9	$83,889.9
Cost of sales	70,217.9	70,270.1
Depreciation and amortization of property	4,899.9	4,999.5
Other operating and nonoperating items—net	2,450.5	2,450.5
United States and other income taxes	1,805.1	1,805.1
Total costs and expenses	79,373.4	79,525.2
Net Income	$ 4,516.5	$ 4,364.7
Earnings per share of $1-2/3 par value common stock	$14.22	$13.74
Earnings per share of Class E common stock	$1.03	$1.03
Accumulated foreign currency translation adjustments	($ 127.7)	($ 161.0)
Unrealized gain from decline in purchasing power of dollars of net amounts owed		$ 157.2
Excess of increase in general price level over increase in specific prices of inventories and property		$ 998.1**

**At December 31, 1984, current cost of inventories was $9,535.2 million and current cost of property (including special tools), net of accumulated depreciation and amortization, was $27,042.0 million.

BOARD OF DIRECTORS

Anne L. Armstrong
Chairman, President's
Foreign Intelligence
Advisory Board
Director—8 Years

Donald J. Atwood
Executive Vice President,
Truck and Bus, Power Products
and Defense, and
Components Operations
Service—25 Years
Director—1 Year

Catherine B. Cleary
Former Chairman of the Board,
First Wisconsin Trust
Company
(Trust Services)
Director—12 Years

John T. Connor
Chairman of the Board,
Schroders Incorporated
(Banking)
Director—19 Years

Alexander A. Cunningham
Executive Vice President,
North American Automotive
Operations
Service—37 Years
Director—1 Year

John D. deButts
Former Chairman of the Board,
American Telephone and
Telegraph Company
(Communications)
Director—9 Years

James H. Evans
Chairman of the Board,
Union Pacific Corporation
(Transportation, Energy,
and Natural Resources)
Director—5 Years

Walter A. Fallon
Former Chairman of the Board,
Eastman Kodak Company
(Photographic Equipment,
Chemicals, and Fibers)
Director—12 Years

Charles T. Fisher, III
Chairman and President,
NBD Bancorp Inc.
(Banking)
Director—13 Years

Marvin L. Goldberger
President, California
Institute of Technology
(Education)
Director—4 Years

Robert S. Hatfield
Former Chairman of the Board,
The Continental Group, Inc.
(Packaging Products)
Director—11 Years

Raymond H. Herzog
Former Chairman of the Board,
Minnesota Mining and
Manufacturing Company
(Household and
Industrial Products)
Director—7 Years

John J. Horan
Chairman of the Board,
Merck & Co., Inc.
(Health Products)
Director—5 Years

Howard H. Kehrl
Vice Chairman,
Board of Directors
Service—37 Years
Director—10 Years

F. James McDonald
President and Chief
Operating Officer
Service—44 Years
Director—10 Years

W. Earle McLaughlin
Former Chairman of the Board,
The Royal Bank of Canada
(Banking)
Director—18 Years

Thomas A. Murphy
Former Chairman,
Board of Directors
Director—13 Years

Ross Perot
Chairman of the Board
Electronic Data
Systems Corporation
Joined Board July 2, 1984

Edmund T. Pratt, Jr.
Chairman of the Board,
Pfizer Inc.
(Pharmaceutical Products,
Cosmetics, and Chemicals)
Director—8 Years

John G. Smale
President, The Procter
& Gamble Company
(Household and Industrial
Products)
Director—3 Years

F. Alan Smith
Executive Vice President,
Finance
Service—29 Years
Director—4 Years

Roger B. Smith
Chairman, Board of Directors
and Chief Executive Officer
Service—36 Years
Director—10 Years

Leon H. Sullivan
Pastor, Zion Baptist Church
of Philadelphia
Director—14 Years

Charles H. Townes
Professor, University of
California
(Physics)
Director—11 Years

COMMITTEES OF THE BOARD

THE FINANCE COMMITTEE includes both employe and non-employe Directors and is responsible for the determination of financial policies and the management of financial affairs including matters such as capital requirements and dividend recommendations to the Board.

Roger B. Smith
Chairman
John T. Connor
Walter A. Fallon
Charles T. Fisher, III
Robert S. Hatfield
Howard H. Kehrl
F. James McDonald
Thomas A. Murphy
Edmund T. Pratt, Jr.
John G. Smale
F. Alan Smith

THE EXECUTIVE COMMITTEE is composed entirely of employe Directors and is responsible for determining operating policies, including product plans and the need for capital expenditures.

F. James McDonald
Chairman
Donald J. Atwood
Alexander A. Cunningham
Howard H. Kehrl
F. Alan Smith
Roger B. Smith

THE AUDIT COMMITTEE, composed entirely of non-employe Directors, selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the Meeting. In addition, the Committee reviews the scope and results of the audits, the accounting principles being applied, the effectiveness of the internal controls, and, in its oversight role, assures that management fulfills its responsibilities in the preparation of the financial statements.

John D. deButts
Chairman
Anne L. Armstrong
James H. Evans
Marvin L. Goldberger
John J. Horan
W. Earle McLaughlin
Leon H. Sullivan
Charles H. Townes

THE NOMINATING COMMITTEE, composed entirely of non-employe Directors, conducts continuing studies of the size and composition of the Board of Directors and recommends candidates for membership.

Walter A. Fallon
Chairman
Catherine B. Cleary
John T. Connor
John D. deButts
Charles T. Fisher, III
Robert S. Hatfield
John J. Horan

THE BONUS AND SALARY COMMITTEE, composed entirely of non-employe Directors, reviews executive compensation plans and benefit programs and determines compensation of Corporate officers and other members of the management group.

John T. Connor
Chairman
Anne L. Armstrong
James H. Evans
Walter A. Fallon
Charles T. Fisher, III
Robert S. Hatfield
Raymond H. Herzog
Thomas A. Murphy

THE PUBLIC POLICY COMMITTEE, composed entirely of non-employe Directors, inquires into every phase of Corporate activities that relate to public policy and makes appropriate recommendations to management or the full Board.

Catherine B. Cleary
Chairman
John D. deButts
Marvin L. Goldberger
Ross Perot
Edmund T. Pratt, Jr.
John G. Smale
Leon H. Sullivan
Charles H. Townes

EXECUTIVE COMMITTEE


ROGER B. SMITH
Chairman


F. JAMES McDONALD
President


HOWARD H. KEHRL
Vice Chairman


DONALD J. ATWOOD
Executive Vice President


ALEXANDER A. CUNNINGHAM
Executive Vice President


F. ALAN SMITH
Executive Vice President

OFFICERS

Roger B. Smith
Chairman and Chief Executive Officer

F. James McDonald
President and Chief Operating Officer

Howard H. Kehrl
Vice Chairman

EXECUTIVE VICE PRESIDENTS

Donald J. Atwood

Alexander A. Cunningham

F. Alan Smith

VICE PRESIDENTS AND GROUP EXECUTIVES

Edward P. Czapor
Electrical Components Group

Elmer W. Johnson
Public Affairs Staffs Group and General Counsel

Charles Katko
Truck and Bus Group

Alex C. Mair
Technical Staffs Group

David S. Potter
Power Products and Defense Operations Group

Lloyd E. Reuss
Chevrolet, Pontiac, GM of Canada Group

Robert C. Stempel
Buick, Oldsmobile, Cadillac Group

W. Blair Thompson
Mechanical Components Group

James F. Waters, Jr.
Overseas Group

VICE PRESIDENTS

Betsy Ancker-Johnson
Environmental Activities Staff

John F. Beck
International Export Sales

Ferdinand P. J. Beickler
Passenger Cars—Europe

Charles J. Brady
Current Engineering and Manufacturing Services Staff

Barton Brown
Asian and African Operations

Robert D. Burger
General Manager
Chevrolet Motor Division

David D. Campbell*
Group Director - Operations
Chevrolet, Pontiac, GM of Canada Group

Charles S. Chapman
Managing Director
General Motors-Holden's Limited

Patrick J. Coletta
Group Director
Truck and Bus Operations

John D. Debbink
Materials Management Staff

Robert A. Dorshimer*
Group Director - Engineering
Buick, Oldsmobile, Cadillac Group

Robert J. Eaton
Advanced Product and Manufacturing Engineering Staff

John R. Edman
Financial Staff

Robert A. Frosch
Research Laboratories

John O. Grettenberger
General Manager
Cadillac Motor Car Division

Donald E. Hackworth
General Manager
Buick Motor Division

Eugene L. Hartwig
Associate General Counsel

Peter K. Hoglund
General Manager
Electro-Motive Division

William E. Hoglund†
President
Saturn Corporation

James D. Johnston
Industry-Government Relations

Ludvik F. Koci
General Manager
Detroit Diesel Allison Division

William W. Lane*
General Manager
Oldsmobile Division

Richard G. LeFauve*
Group Director - Operations
Buick, Oldsmobile, Cadillac Group

J. Michael Losh
General Manager
Pontiac Motor Division

William P. MacKinnon
Personnel Administration and Development Staff

Thomas O. Mathues
Special Assignment
Director of Staff Organizational Studies

John P. McCormack
Latin American and South African Operations

John W. McNulty
Public Relations Staff

Donald H. McPherson
Quality and Reliability and Service Parts Operations

Robert T. O'Connell
Marketing and Product Planning Staff

Irvin W. Rybicki
Design Staff

Joseph J. Sanchez**
President
Saturn Corporation

Robert J. Schultz*
Group Director - Engineering
Chevrolet, Pontiac, GM of Canada Group

John F. Smith, Jr.
President and General Manager
General Motors of Canada Limited

Robert B. Stone
Managing Director
General Motors de Mexico, S.A. de C.V.

Clifford J. Vaughan
Managing Director
General Motors do Brasil S.A.

James G. Vorhes
Customer Sales and Service Staff

Alfred S. Warren, Jr.
Industrial Relations Staff

Marina v.N. Whitman
Economics Staff

Paul H. Zalecki
Associate General Counsel

STAFF OFFICERS

Courtney F. Jones
Treasurer

John E. Rhame
Comptroller

Diane L. Kaye
Secretary

*Effective January 7, 1985 **Deceased January 26, 1985
†Effective February 4, 1985

OPEL KADETT GT

BEDFORD TECH LINER

VAUXHALL ASTRA GTE

STOCKHOLDER INFORMATION

The Annual Meeting of Stockholders
will be held at 9:00 a.m. on Friday, May 24, 1985 in Detroit, Michigan.

It is expected that proxy material will be sent to stockholders beginning about April 12, 1985, at which time proxies for use at this Meeting will be requested.

Principal Offices
General Motors Corporation
(a Delaware Corporation)
3044 West Grand Boulevard
Detroit, Michigan 48202

767 Fifth Avenue
New York, New York 10153

Stock Transfer Offices
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

National Trust Company Limited
21 King Street, East
Toronto, Ontario M5C 1B3, Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1, Canada

The following materials are available for distribution to stockholders:

S.E.C. Form 10-K
Common stockholders (including beneficial owners) may obtain a copy of the General Motors Corporation Annual Report to the Securities and Exchange Commission on Form 10-K after April 1, 1985.

1985 Public Interest Report
GM's 15th successive annual accounting of its programs, progress, and goals in various areas of public interest will be available in a booklet, "1985 General Motors Public Interest Report," about April 1, 1985.

Tape Recording of 1984 GM Annual Report
A cassette tape recording of major portions of the 1984 Annual Report will be available after April 1, 1985 at no charge for distribution to handicapped persons.

Requests specifying the materials desired should be sent to:
General Motors Corporation, Room 11-229, General Motors Building
3044 West Grand Boulevard, Detroit, Michigan 48202 (313-556-2044)

HOLDEN VK COMMODORE CALAIS

GM do BRASIL CHEVY CARAVAN COMODORO

In a control room at Bedford's van assembly plant in Luton, England, modern electronic computer systems continuously monitor the entire production process. The operator reviews the status of operations on the touch-sensitive visual displays and the overhead panel.

General Motors Corporation
Detroit, Michigan 48202

CHEVROLET ASTRO Passenger Van receives one of many quality checks in a special viewing area at the modernized Baltimore, Maryland plant.